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Inside



P38

Give your child a sound financial literacy base



P42

All-new Volvo XC90: A polished 7-seater SUV

- 4 Feedback** Letter from a reader
- 6 In Brief** News nuggets
- 10 Letter from Nigeria** Buhari shows his hand
- 12 Cover** Iran: Opportunity beckons
- 17 In The News** Disrupting strategies to fulfil retirement goals
- 18** Amplats ups production to reduce unit costs
- 19** Gold at five-year lows: time to buy?
- 20** Melrose Arch: A tad more affordable for homebuyers
- 21 Spotlight** SA company wins the internet
- 24 Insight** The tricky business of job satisfaction
- 26** Is your job safe from smart computers?
- 28** How to manage a team of B players
- 29 House View** Taste Holdings, Growthpoint Properties
- 30 Fund Focus** Striking the balance between income and growth
- 31 Invest DIY** Ditch the losers in your portfolio
- 32 Killer Trade** Resilient Property Income Fund Ltd – set to extend its gains
- 33 Simon's Stock Tips** Harmony Gold, Curro Holdings, Anchor Capital, Platinum mining, Ellies
- 34 Pro Pick** Swipe right for InterActiveCorp
- 35 Money** Saving: Take advantage of rich pickings offshore
- 36** The One-Rand Family takes a bow
- 38** Give your child a sound financial literacy base
- 41 Technology** Huge Group scouting for acquisitions
- 42 Life** All-new Volvo XC90: A polished 7-seater SUV
- 44 Directors & Dividends** Dealings and payouts
- 45 Life** Quiz, Crossword
- 46 Piker** Funny business



P19

Gold at five-year lows: Time to buy?

P12
IRAN:

OPPORTUNITY BECKONS

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RENTAL WOES

A READER WRITES VIA EMAIL:

We signed a two-year lease which terminates on 31 August 2016. Our landlord recently informed us that she would like to move back into her house and as a sign of goodwill she will give us six months' notice to find another place to stay.

There is no mention of notice periods in our lease should either party want to end the contract early. This has financial implications for us in the form of the actual move and inevitably higher rent. What are our rights?

MICHELLE DICKENS, MANAGING DIRECTOR OF TPN CREDIT BUREAU, RESPONDS:

This is a fixed-term lease where both the tenant and the landlord agreed to enter into a 24-month fixed-term agreement. The signed lease agreement will determine the terms of the agreement as will the current legislation.

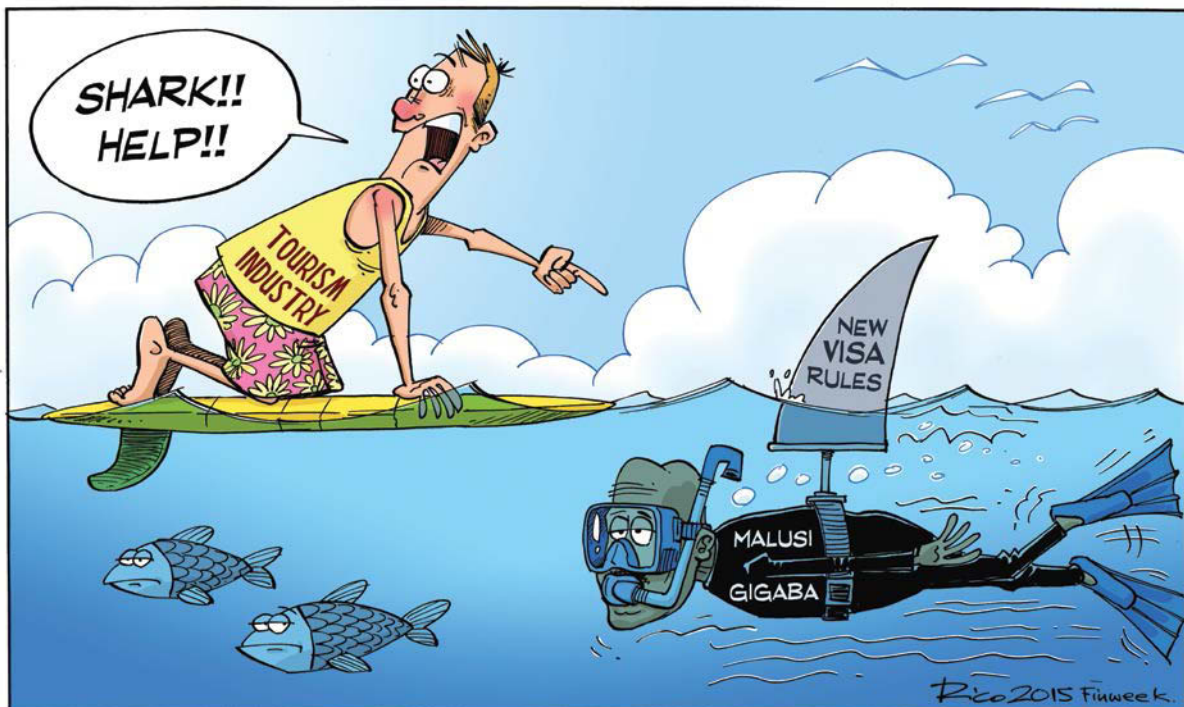
In this particular situation the landlord is hoping to cancel the lease early. The lease and legislation do give the landlord leave to cancel a lease early, but only in the event that the tenant breaches the lease, for example, if the

tenant fails to pay rent and then fails to remedy the breach on demand. The current tenant has not done this, and the early cancellation demanded by the landlord is contrary to both the lease and legislation.

In this case, the landlord is most certainly at a disadvantage in terms of her request to cancel the lease agreement early. As the relationship is still amicable at this stage, the landlord stands a better chance of succeeding if she offered to cover the unexpected costs the tenant would have to incur by paying for the move. ■

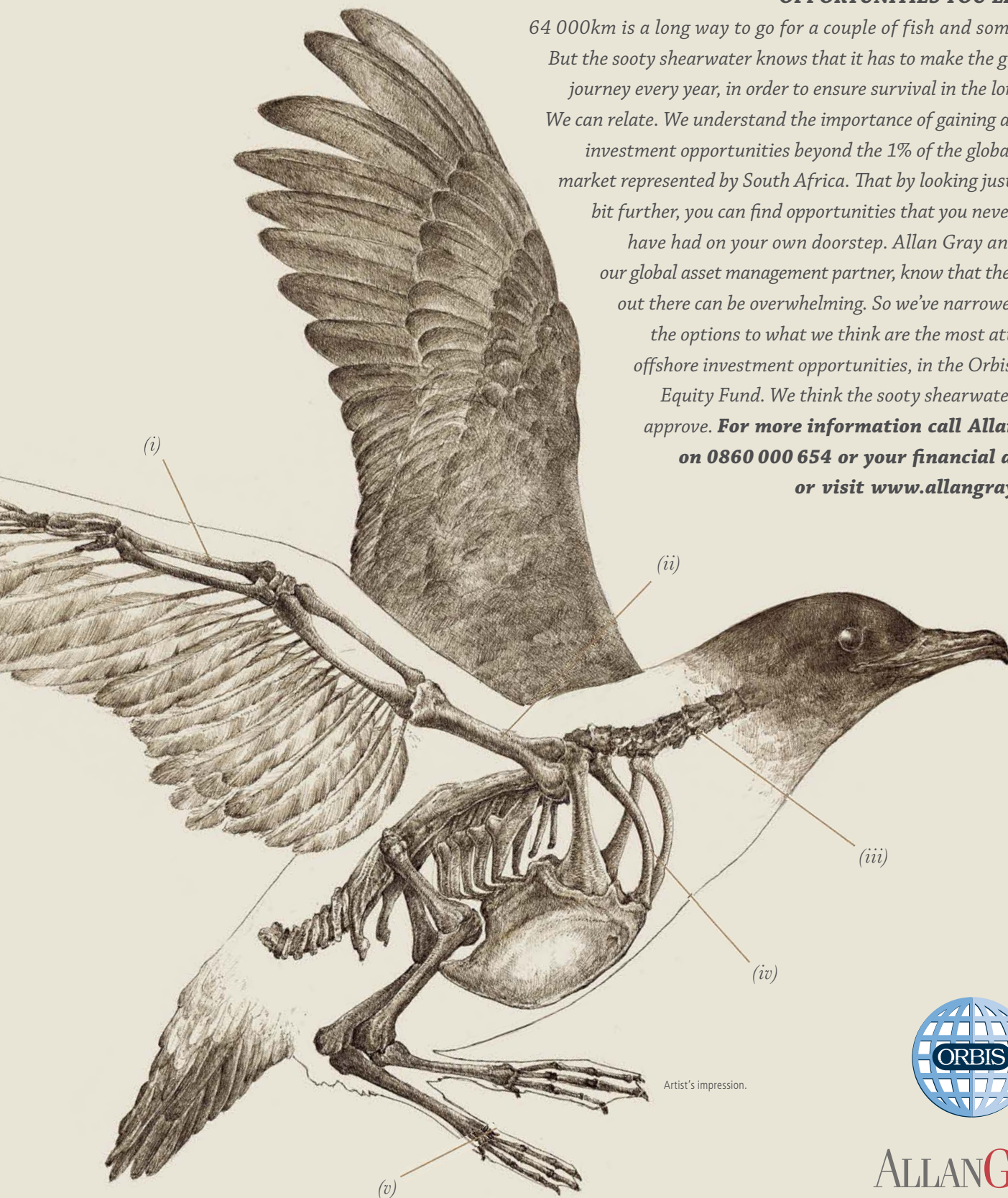
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SOFTWARE UPGRADE

\$0

Microsoft will release Windows 10, the latest version of its operation system (OS), on 29 July – but for the first time, users will be able to switch to this latest version of the OS at no cost. This is in line with moves by rival Apple, which has made upgrades to its systems available free in recent years, and Google, which offers free software and services. Earlier versions of Microsoft's operating system run on more than 1.5bn computers and other devices, according to *The New York Times*.

In Brief

TRAIN DELAY

R5 BN

The Passenger Rail Agency (Prasa) is nearly a year behind on a R5bn depot modernisation programme that is necessary to accommodate 600 new trains, which were bought as part of a controversial R51bn tender, *Business Day* reported. The delay is so severe that a tender for a new depot, which should be completed by November, has not even been issued yet, it said.



SECOND-HAND CARS

\$54M

The amount (R669m) raised by online used-car sales start-up Vroom to expand its operations and improve delivery times. New York-based Vroom lets consumers buy (and finance) a used car via a smartphone in just a few minutes, cutting out traditional auto dealers, *Fortune* reported. Instead of offering a marketplace for people to sell cars to one another, Vroom takes ownership of the car, reconditions it and delivers it to the buyer's door.



Gallo Images/iStock

NATURAL DISASTERS

19.3M

The number of people who were forced from their homes as a result of natural disasters in 2014, nearly 90% of whom live in Asia, according to the Norwegian Refugee Council. The main causes were typhoons, flooding and other weather-related events. While the number was lower in 2014 than in the previous two years, the historical trend in displacement is moving upward relentlessly, *The New York Times* reported. A person is 60% more likely to be displaced by a disaster today than they were in the 1970s, the council said.



THE GOOD

Three years after Islamist militants destroyed 14 of the 16 ancient mausoleums in Timbuktu in northern Mali, they have been restored by local stonemasons at a cost of \$500 000 (R6.2m). Work continues on other ravaged sites in the city, which is a Unesco World Heritage Site, guardian.com reported. Irina Bokova, director general of Unesco, described the reconstruction work as “an answer to all extremists whose echo can be heard well beyond the borders of Mali”.

THE BAD

Struggling steelmaker Evraz Highveld Steel, which started voluntary business rescue proceedings in April, said on 20 July it had halted production and could retrench up to 1 089 employees because of working capital constraints and reduced domestic demand for steel – mainly caused by a significant increase in Chinese imports. Instead of helping to fund a new steel plant in the country that will belong to China’s Hebei Iron and Steel, perhaps government should look at ways to help keep our existing producers alive.

THE UGLY

The Bloomberg Commodity Index, which tracks a basket of 22 materials, was trading near its lowest levels in 13 years on 20 July, with gold dropping below \$1 100 (R13 629) an ounce for the first time in five years. While the drop in prices is partly driven by the strong dollar, all indications are that the commodity “super cycle”, driven by China’s massive infrastructure boom over the past 10+ years, is over. As commodity exports are the key foreign exchange earner for South Africa and the mining industry remains a major employer, none of this is good news.



“I just saw the fin, I didn’t see the teeth. I was waiting for the teeth to come at me as I was swimming... I punched it in the back.”

– Australian surfer Mick Fanning after escaping a shark attack during a World Surf League competition at Jeffreys Bay on 19 July. The incident, which was broadcast on live TV, made international headlines and raised questions about the safety of the Eastern Cape town as a pro-surfing destination.



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DIPLOMATIC TIES

Cuban Orlando Pardo (40) – holding up photos of two murdered Cubans – protests outside the Cuban embassy in Washington on 20 July against the human rights violations committed by Cuba against its people. The US and Cuba officially re-established diplomatic relations, opening embassies in each others' capitals for the first time since 1961. Cuba's foreign minister Bruno Rodríguez, who visited the US capital for the first time, conducted the function and flag-raising at the Cuban embassy, the first time Cuba's single-star flag was raised in front of its 98-year-old mansion in the capital in 54 years. At the ceremony, Rodríguez said the restoration of US-Cuba relations would make sense only if the US lifted its comprehensive trade embargo and returned to Cuba the US naval base at Guantánamo Bay, the guardian.com reported.

Picture: Sarah L. Voisin / The Washington Post via Getty Images

COMMODITY COLLAPSE

1160

The number of jobs that will be cut at Kumba Iron Ore's Thabazimbi mine in Limpopo, which will be closed by the first quarter of 2016. The 84-year-old mine produces about 1m tons a year and has been hit by low iron ore prices – dropping to about \$50 a ton from an average of \$125 in 2013 – and the collapse of a pit wall into the working area in June, which raised the cost of removing waste material to reach mineable ore. Kumba will also cut 175 jobs at its Sishen and Kolomela mines in the Northern Cape.

BEE

R2.4BN

Food and clothing retailer Woolworths said its employee share ownership scheme for previously disadvantaged employees, which was created in 2007 and represented about 10% of its ordinary share capital at the time, has created R2.4bn for participants. Dividends of R332m were paid out over the life of the scheme which matured this month. The shares have now been converted to Woolies ordinary shares, which beneficiaries can hold or sell.

DEAL-MAKING

R5.14BN

The market capitalisation of education group AdvTech, which has ended discussion about a possible takeover by its rival Curro Holdings. AdvTech said the draft proposal by Curro was not a firm offer "as it was hedged with a number of unacceptable pre-conditions, including the furnishing of confidential information to a competitor. It could also have led to a situation where AdvTech was unable to pursue its exciting growth strategy for a protracted period while waiting for implementation of the proposed transaction, which the board considered unlikely to succeed."

iPhone sales too big a bite of Apple's share price

APPLE SHOWED 33% growth in revenue (to \$49.6bn) for the quarter to 27 June on the back of healthy sales in China.

Nevertheless, its share price slumped by around 7% to \$121, after-hours, after results were announced, Reuters reported. This was as the company's revenue forecast for the next quarter

fell short of expectations. According to Reuters, Apple forecast revenue of between \$49bn and \$51bn, while analysts estimated revenue of \$51.13bn.

Analysts said other concerns included the company's profits being too dependent on iPhone sales, the BBC reported. According to the news

service, Apple sold 47.5m iPhones over the period and reported total profits of \$10.7bn. Meanwhile, Apple CFO Luca Maestri told Reuters that they planned to open 40 more stores in China over the next 12 months as the market became increasingly important to the company.



Customers stand beneath an Apple logo at the Apple store in Grand Central station in New York City on 21 July.

Picture: Mike Segar / Reuters

TRAIN TRAVEL

2.8M

The number of passengers transported by the Eurostar between April and June, a record number for any three-month period since the train, which links the UK with France via a tunnel underneath the English Channel, started operating in 1994. According to bbc.com, ticket sales were boosted by an increase in business travellers and from a new service that it launched to the south of France. Standard one-way tickets between London and France cost £145 (R2 800) on average.

ALIEN LIFE

\$100M

Russian tycoon Yuri Milner is injecting \$100m (R1.2bn) into the search for extraterrestrial life. Renowned physicist Stephen Hawking, who is involved in the Breakthrough Listen project, said the scientists believe that life arose spontaneously on earth, "so in an infinite universe, there must be other occurrences of life", The Washington Post reported. Currently, the Search for Extraterrestrial Intelligence Institute (SETI) is the largest group looking for life, but has been faced with declining support from universities and private organisations.

CREATIVE ACCOUNTING

R15BN

Toshiba's president and chief executive Hisao Tanaka and the company's vice-chairman Norio Sasai have quit the Japanese electronics company following admissions that the company overstated its operating profit over several years. According to a report by guardian.com, both knew about these accounting irregularities, said to total 151.8bn yen (R15bn).



Buhari shows his hand

At last, some movement. Nigeria's President Muhammadu Buhari last week reshuffled his top military and security brass in what many are hoping is the beginning of the president's wave of appointments, due since his inauguration in late May.

If you've been asleep for a week or two and have just woken up, in which case you're forgiven, there's still no finance minister and no oil minister. So any change, at any level, is read as the beginning (hopefully) of many more appointments at all levels.

Army, navy and air force chiefs and the chief of defence staff went last week in a comprehensive cull. That Buhari chose to start with defence and military staff tells us several things.

Firstly, it shows he is serious about addressing the resurgent threat from Islamist militants Boko Haram. Whether this is proactive – he campaigned on a ticket claiming he'd

crush them – or reactive, following recent criticism of his apparent inaction after bombings in northeast and central Nigeria, isn't certain. But it does indicate a level of concern that will go some way in bolstering faltering goodwill towards Buhari.

His people underlined his commitment to tackling Boko Haram when they said last week he'd use a meeting with President Obama in Washington DC this week to discuss Nigeria's security challenges.

Secondly, that Buhari moved first to change defence and security staff shows his continuing ties to and association with Nigeria's armed forces. General Buhari, before he was President Buhari and a former military leader of Nigeria, is seen by many as a savvy military strategist.

Early moves, including the relocation of the army headquarters to Maiduguri from Abuja, suggest perhaps the president has been spending the time

others may have devoted to choosing an oil minister to mulling over military matters instead.

His pick of a Borno man for the new chief of army staff shows Buhari knows what people need to see – a man from the region worst affected by Boko Haram working to eliminate them.

Thirdly, the wholesale scrapping of the previous defence chiefs shows Buhari is starting to make good on his promise of change – a clean sweeping out of Jonathan's staff, many of whom are tarnished by accusations of lassitude and corruption during the last administration.

It is a grave indictment to say so, but through all save the final weeks of the Jonathan regime, Boko Haram flourished. To keep the people in the posts who allowed that would have been seen as a sign that a man who campaigned on a slogan of "change" wouldn't really be offering much difference at all.

Now Buhari has started showing his hand and the speed with which he can move, Nigeria awaits his action elsewhere. Ask anyone on the street and they'll tell you he'll need to take a good look at the finance ministry, the oil ministry (not to mention the Nigerian National Petroleum Corporation), the agriculture ministry, the education ministry, the health ministry, the defence ministry, the information ministry... ■

editorial@finweek.co.za



Getty Images/Philip Ojisu/AFP

Nigerian President Muhammadu Buhari (C) and Vice-President Yemi Osinbajo (L) poses with coordinator of Bring Back Our Girls group Oby Ezekwesili (second from R) and other members of the group campaigning for the release of the Chibok schoolgirls kidnapped by Boko Haram Islamists, during a meeting in Abuja on 8 July.



KTH + Me Cure

A healthy partnership

KTH is a proud shareholder in Me Cure Healthcare Nigeria. KTH's investment will support Me Cure's growth in Nigeria and the completion of West Africa's first fully integrated oncology centre. Me Cure is a world-class provider of diagnostic, eye care and dental services, headquartered in Lagos.



Iran: Opportunity beckons



Iranians wave flags, sing and chant in the streets to celebrate Iran's nuclear deal with six world powers led by the US in Vienna, in uncommon scenes of public jubilation in Tehran, Iran, on July 14, 2015.

Multinational companies and trade ministers are scrambling to build relationships with Iran, the second-largest economy in the Middle East, after a historic nuclear deal between Iran and other world powers was reached in the middle of July. For some South African companies, the deal also opens up opportunities.

BY JANA MARAIS

The recent Iran nuclear deal, which buoyed global markets and contributed to a drop in oil prices, paves the way for sanctions to be lifted early in 2016 and opens up the country for foreign investment. It is also expected to improve the decades-long fraught relationship between Iran and the US, which could have positive implications for the conflict-torn region. "No market in the world has the same level of untapped potential," the Economist Intelligence Unit (EIU) said in a recent report. "Of course, it won't all be plain sailing, but the opening up of a

large, diversified and fairly sophisticated economy will create a lot of opportunity."

The Iranian economy is the 29th biggest in the world (on a purchasing power parity basis, its GDP is estimated at \$1.2trn, nearly double that of South Africa) and benefits from a well-educated population of nearly 80m, a sizeable middle class and rich oil and gas reserves. It also has a strong industrial base. The EIU sees opportunities across a range of sectors, including hydrocarbons, power, automotive, pharmaceuticals, consumer goods, information technology and tourism, and for firms selling aircraft, capital goods and industrial supplies.

In recent weeks, even before the

nuclear agreement was signed, executives from multinational companies such as Glencore and Royal Dutch Shell have been visiting Tehran to meet with officials and discuss possible business deals. Germany's vice chancellor and economic minister Sigmar Gabriel visited Tehran just days after the deal was signed, while France's foreign minister Laurent Fabius is expected to visit in the last week of July.

"Essentially, it is a good deal for the Iranian people and for the region, and it is reasonably good for South Africa," which has enjoyed cordial relations with Iran since the re-establishment of diplomatic ties in 1994 and has been

supportive of its right to pursue nuclear energy, says Ebrahim Deen, researcher at the Afro-Middle East Centre.

In terms of the deal, Iran will receive international recognition for its uranium enrichment programme for civil purposes, with limits that will make it nigh impossible to build nuclear weapons from that uranium. In turn, sanctions will be lifted and trade and investment flows can resume. Some requirements remain outstanding for full implementation, including approval by the US Congress (where it is likely to face some Israel-backed opposition) and inspections of Iranian nuclear sites by the International Atomic Energy Agency. "Iran will try and honour this deal as much as possible," Deen says.

The only downside of the Iran deal is the fact that SA will be facing increased competition to attract investment, he says. "Iran has a very sound industrial sector and a highly educated population, and they are looking for investment. While much of it will centre around the oil and gas sector, their manufacturing sector, for example, will be in direct competition with South Africa."

OIL PRICES

One major benefit to consumers is the impact of increased oil production from Iran on oil prices. Iranian exports have been cut in half to about 1.1m barrels

a day due to the sanctions. Exports are expected to increase to 1.8m barrels a day by the end of 2016, the EIU said. The increased shipments should place further downward pressure on prices, ultimately benefitting consumers.

Lifting the sanctions will also allow local refineries, which are geared to use oil from the Persian Gulf, to restart Iranian crude imports. Iran was the biggest supplier to South African refineries before imports were halted in 2012, providing about a third of SA's crude demand. The wide-ranging sanctions, which have been in place for several years, were particularly effective after a new US law came into power in 2012 allowing pres. Barack Obama the power to sanction foreign



IRAN'S ROLE IN THE MIDDLE EAST

Despite its economic troubles at home and isolation from global trade, particularly since the US, EU and UN ratcheted up sanctions in 2012, Iran remains a key player in the Middle East. Iran and the US enjoyed a close relationship before the 1979 Islamic Revolution, which toppled Shah Mohammad Reza Pahlavi and brought a more clerical form of rule led by Ayatollah Khomeini to power in Tehran. The Shah was brought to power in 1953 as a result of a CIA-backed coup and the US was also the key supplier to Iran's nuclear programme from the 1950s to 1979. Supporters of the Revolution took 52 Americans hostage from November 1979 to January 1981 after taking over the US Embassy in Tehran, further souring relations between the two nations.

Since the Revolution, Iran's policies on major issues in the region are often directly opposed to what the West would prefer – it is a big supporter of Palestine, for example, and has helped to train and equip Palestinian militants. In Syria, Iran supports the regime of pres. Bashar al-Assad, while the US is supporting the Syrian opposition, although this four-year conflict has become substantially more complex since the involvement of the Islamic State (IS), which now controls large parts of the country.

Iranian and US interests are more aligned in Iraq, where Iran is an important backer of the Iraqi government and the Shia militias fighting IS. Broadly speaking, Iran and the US are therefore on the same side in the Iraqi conflict and the agreement may pave the way for closer cooperation between the two countries in the fight against IS, says Ebrahim Deen, researcher at the Afro-Middle East Centre.

Close relations between the two nations are still a long way

off, however. Iran's Supreme Leader, Ayatollah Ali Khamenei, has maintained his hard-line stance against the US even after the historic agreement was reached, saying on 18 July at prayers to mark the end of the holy month of Ramadan that American policies in the Middle East were "180 degrees" opposed to Iran's, and that its policy towards the "arrogant" US will not change.

The other hotspot in the region is located Yemen, where Iran's decades-long strategic rivalry with US ally Saudi Arabia for regional supremacy in the Middle East is currently playing out. (Looking at it through a very simplified religious lens, Saudi is seen as the leader of the Sunni Muslim world, by far the dominant Muslim denomination, and Iran the leader of the Shia Muslim world.)

The Iran/Saudi battle is playing out in Yemen, where Iran is supporting the Houthi rebels, a minority Zaidi-Shia group and its partners from former pres. Ali Abdellah Saleh's General People's Congress, which are now controlling large parts of the country. On the other side of the conflict, Saudi Arabia and a number of other Arab countries, including the United Arab Emirates, are helping to fight the Houthi rebels. The Saudi campaign has also enjoyed support from the US.

Yemen's geographic location is of strategic importance for control over the Bab el-Mandeb, the world's fourth-busiest oil and fuel shipping bottleneck, located between Yemen, Djibouti and Eritrea. Closure of the Bab el-Mandeb can keep tankers from the Persian Gulf from reaching the Suez Canal, a key transport corridor from the Persian Gulf to Europe and the Mediterranean, and Egypt's Sumed (Suez-Mediterranean) pipeline, which is used as an alternative to the Suez Canal. ■

banks if they fail to significantly reduce their imports of Iranian crude.

South African firms that are well-placed to benefit from the developments in Iran include MTN, which owns 49% of Irancell, the country's second-largest mobile operator, and PetroSA, that is part of a joint venture with Norway's Statoil SA and Germany's Lurgi to explore gas-to-liquids (GTL) opportunities in Iran and elsewhere.

PetroSA has been quiet about its Iranian plans since the US and Europe started ratcheting up sanctions against the country in 2012. Sasol, which was a big importer of Iranian crude and had a stake in Iranian polymer producer

Arya, completely pulled out of the country to comply with sanctions. For MTN, however, it was business as usual, though its Irancell operation was hit by the economic troubles in Iran, which saw the economy contract by nearly 7% in 2012 and inflation hit almost 40% in 2013, according to EIU data.

The company is now well-placed to benefit from Iran's recovery, with average annual economic growth of 5.2% forecast between 2016 and 2019. Once the sanctions are lifted, MTN will be able to access cash of about \$1bn (R12.4bn) that has been tied up in Iran due to the sanctions (see page 16).

OPPORTUNITIES FOR SA FIRMS

In addition to MTN and PetroSA, local companies that could benefit from the opening up of Iran include the mining

IRAN TOURISM

BY BUHLE NDWENI

Iran is hoping the nuclear deal will boost its tourism industry, which currently accounts for about 2% of GDP.

The government of pres. Hassan Rouhani, who was elected in 2013 on the promise that he would improve Iran's relations with the world and the country's economy, is taking further steps to ease visa requirements and plans to build as many as 200 hotels as existing accommodation is insufficient to cater for the increase in tourism that has occurred since his election in 2013, the guardian.com reported.

Iran is home to 19 Unesco world heritage sites, and its top tourist attractions range from the ancient city of **Persepolis**, the capital of the **First Persian empire**, to **Ramsar**, a popular beach resort on the Caspian Sea.

South Africans travel to Iran mainly for business purposes as banking restrictions due to the sanctions have been a challenge, says Jolien van der Walt, managing director of Sure Glenwood Travel.

"If the banking restrictions in Iran were to be lifted, this would make it much easier to arrange and pay for trips," she says. "[At] the moment, we are able to sell packages to Iran. Payment does present a challenge, but not one that you would not be able to overcome."

For adventurous travellers, 15-day tour packages to Iran are available at a cost of about R25 000 to R30 000 per person. The most popular flight route is with Emirates Air via Dubai at a cost of R7 600 – R9 500.

All Majide/Getty Images



Persepolis - Ruins at sunset.

IRAN

POPULATION

78.4m

(SA: 54m)

GDP (2014):

\$415.3bn

(SA: \$349.8bn)

GDP growth
rate (2014):

1.5%

(SA: 1.5%)

Inflation (2014):

17.2%

(SA: 6.4%)

Official unemployment
rate (2015):

10.8%

(SA: 26.4%)

Life expectancy at
birth (2013):

74 years

(SA: 57 years)

industry, services companies and energy firms such as Sasol, Deen says. As a major producer of liquefied natural gas (LNG), it could potentially also become a supplier to Eskom, which currently uses diesel to feed its hugely expensive open-cycle gas turbines. While SA Inc.'s existing presence in Iran is practically nonexistent, a number of South African firms have operations in the Middle

East, including Mediclinic, construction group WBHO and Famous Brands.

Sasol spokesman Alex Anderson said the firm has no immediate plans to look at opportunities in Iran, and is prioritising its capital expenditure plan, where it plans to save between R13bn and R22bn over 30 months as part of the group's efforts to conserve cash due to the lower oil price.

It also has no immediate plans to restart oil imports from Iran, as it has alternative supply chains in place, he said.

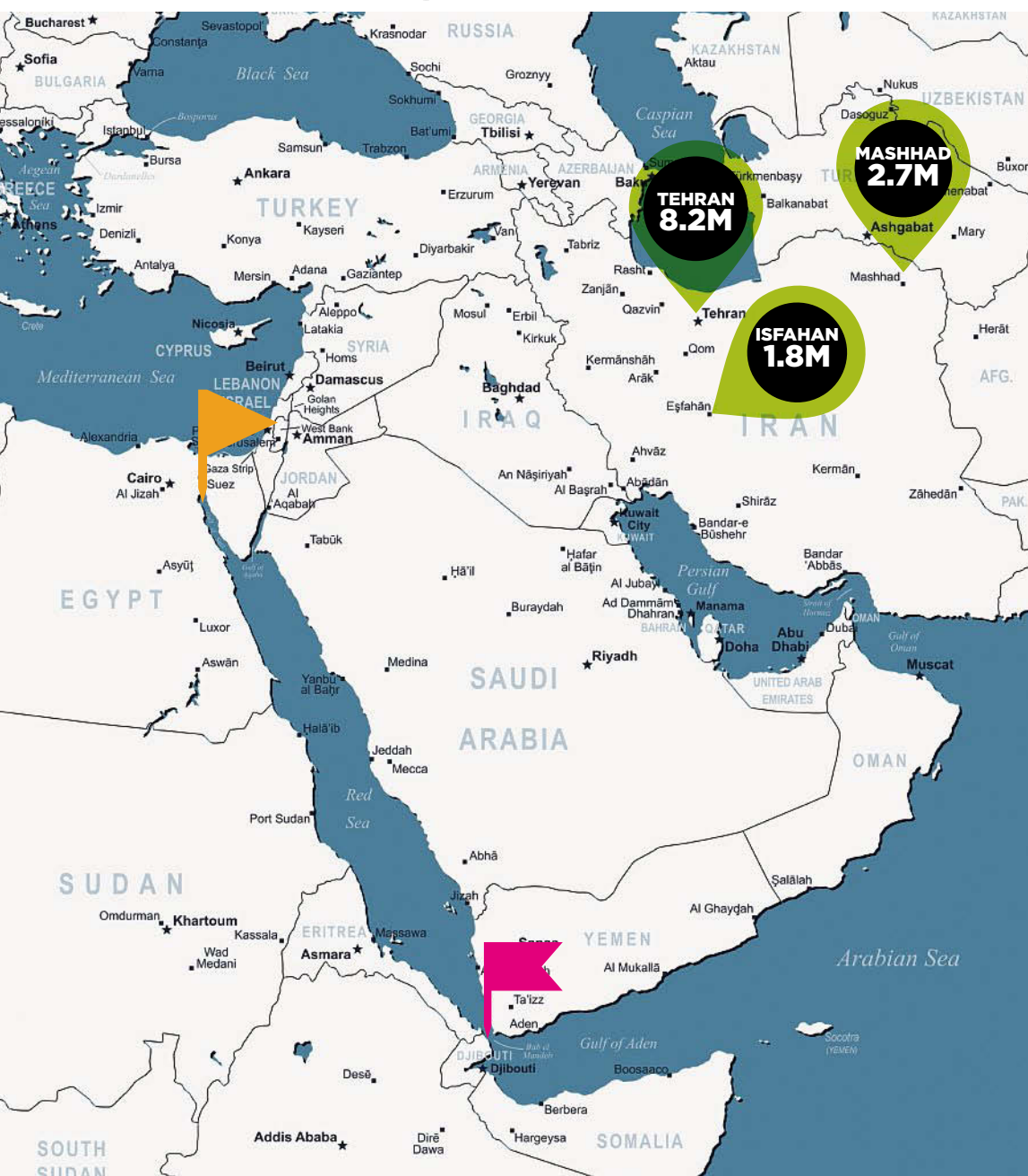
In addition to its oil and gas reserves, Iran is ranked among 15 major mineral-rich countries.

It has largely undeveloped deposits of copper, zinc, iron ore, uranium and lead. Existing mines include coal and metallic minerals operations. ■



SOURCES: World Bank, Trading Economics, Reporters without Borders, Belfer Center

N A NUTSHELL



KEY ECONOMIC SECTORS:

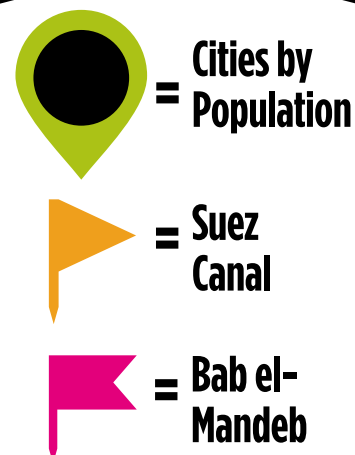
Dominated by oil and gas. Iran also has small-scale agriculture and services, and noticeable government involvement in manufacturing and financial services.

RESOURCES:

World's second-largest known natural gas reserves and fourth-largest proven crude oil reserves. Ease of doing business: Ranks 130th out of 189 countries surveyed in the World Bank's *Doing Business* 2015 survey (SA: 43rd)

MEDIA FREEDOM:

Iran is ranked 173rd out of 180 countries on the Reporters without Borders' World Press Freedom Index, faring only slightly better than Sudan (174), China (176) and Syria (177). SA ranks 39th.



MTN COULD BOOST DIVIDENDS FROM **\$1 BN** IRANIAN WINDFALL

BY JACO VISSER



Shareholders in MTN Group, one of the world's biggest mobile operators, may benefit from a \$1bn (R12.3bn) cash windfall following

the Iranian nuclear deal.

MTN, which was sued unsuccessfully by Turkish competitor Turkcell in 2013 over the awarding of the mobile-phone operator licence to Irancell in 2005, has 44.1m subscribers in the Middle Eastern state, nearly 20% of its overall subscriber base. Its 49% stake in Irancell is the biggest contributor to MTN after Nigeria and South Africa, accounting for nearly 8% of revenue in 2014.

The \$1bn consists of accumulated dividends and a loan repayment from Irancell that MTN has been unable to repatriate from Iran due to sanctions against the country. Once the sanctions have been lifted, MTN would be able to start repatriating some of the money, it said.

Shareholders could be likely beneficiaries from the windfall, according to Andrew Kingston, portfolio manager at Sanlam Investment Management.

"It is likely that MTN will continue its investor-focused approach in using the excess cash in Iran to increase dividends ahead of earnings growth, and opportunistically buy back shares where it makes sense," he said.

MTN declared a total dividend of R12.45 for the fiscal year through December 2014, compared with R10.35 for 2013 and R7.97 for 2012.

It is also likely that the

company would invest a large portion of the money in its creaking Iranian network infrastructure and to benefit from a boom in data usage, according to Kingston.

"It is unlikely that MTN would repatriate all the money to South Africa as they are likely to invest in their 3G/LTE network in Iran, given the pent-up demand for data and the likelihood of new entrants to the market," Kingston said.

MTN said in April its Iranian associate "remained strongly focused on the expansion of 3G and 4G networks as well as providing attractive bundled data packages". Its capital expenditure in Iran last year totalled R6.35bn.

The Iranian rial depreciated by more than 14% against the dollar to

MTN'S SHARES HAVE RETURNED **1.75%** TO INVESTORS SINCE THE START OF THE YEAR, COMPARED WITH VODACOM'S **9.9%**

29 160 rial per dollar over the past year. A likely appreciation of the currency, which relies on oil exports, would benefit MTN, according to Kingston.

One of the possible consequences of opening up the Iranian economy is that the currency, which devalued sharply over the past couple of years, may appreciate, Kingston said. "This would possibly boost the value of MTN's assets in rand terms."

A general improvement in the Iranian economy will also benefit MTN. As the spending power of Iranians declined due to the harsh effects of the sanctions, and a rapidly depreciating currency, Irancell's average revenue per user (ARPU) saw a third straight quarterly decline in the three months ending 31 March. With an ARPU of \$4.01 in the first quarter of the year, it was marginally lower than Syria's \$4.06 and higher than Ghana's \$3.93.

MTN's shares have returned 1.75% to investors since the start of the year, compared with Vodacom's 9.9%. Over a 12-month period MTN returned 4.04% compared with Vodacom's 15.6%. Of the seven analysts polled by INET BFA since the start of June, one rated the stock a buy and six a hold. ■

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Andrew Kingston
Portfolio manager
at Sanlam

Disrupting strategies to fulfil retirement goals

BY BUHLE NDWENI

Will the value of your retirement income ensure that you live the comfortable life you have become accustomed to at the later part of your work life?

It's not about the value of your accumulated savings pot and investment returns, but about retirement goals and the value of your future income.

This is where South Africa-based liability-driven investment manager Colourfield and Nobel prize-winning economist, University Professor Emeritus at Harvard University, Robert Merton, say the future of retirement plans lies.

Merton, a resident scientist at Dimensional Holdings, was this week hosted by Colourfield in SA. Speaking to *Finweek* at Melrose Arch, Johannesburg, he emphasised the importance of Defined Contribution (DC) retirement plan strategies shifting from focusing on accumulated savings and investment returns, to an individual's investment goals and implementing strategies to ensure their money grows to reach their targeted value of future income.

Colourfield, in partnership with multinational investment firm Dimensional Fund Advisors LP (Dimensional), is finalising the launch of a localised DC retirement plan solution to meet SA's retirement and pension funding challenges. The plan is expected to be launched in the next six months, according to Colourfield.

Colourfield CEO Costa Economou says the industry at large is mostly not aware of this goal-based retirement strategy. That, he says, is why people are retiring with inadequate levels of savings.

Economou says a person aged 40 or 50 with a retirement fund will most likely be confident they have enough savings.

But calculating their future income when drawing closer to their retirement only makes them realise that what they thought was a substantial asset (maybe worth R1m or R1.5m), when converted by an insurance provider or annuity provider into pension, is substantially less than their current levels of earnings. In order to put things into perspective

"THERE IS A NEED TO CHANGE FOR DC, WE HAVE TO RECOGNISE THAT THE GOAL IS [RETIREMENT] INCOME. WE HAVE TO MEASURE RISK IN TERMS OF THAT INCOME, NOT IN TERMS OF THE VALUE OF THE PORTFOLIO."

Merton says eight to nine years ago in the US, a person that did not want to take a risk would be referred to taking a Treasury Bill (an equivalent to a SA government bond), which would be guaranteed by the government. At that time it would have gotten you growth of 4% to 5%, so on \$100 000 that would be \$4000 to \$5 000 per year. Even though today the amount invested is still \$100 000, you will get one tenth of 1% on that Treasury Bill, which is only a \$100. Why? It's not because the value of your money lessened due to inflation, but because the interest rates came down, says Merton.

"The investor focused on the \$100 000 and the money is still worth \$100 000. The safety has been fulfilled,



but the problem is as a member you care more about the income you could live on [in retirement]. The investor did the right thing with the wrong measure," says Merton.

He says this could be misleading to people since the wrong measure of risk is used. "There is a need to change for DC, we have to recognise that the goal is [retirement] income. We have to measure risk in terms of that income, not in terms of the value of the portfolio," says Merton.

Merton says that the risk should not be based on the fund member's age, but on how close the individual is to reaching their retirement goal. And once the retirement goal has been reached, the risk can be lowered.

Economou says most boards of trustees they have spoken to are hungry for this sort of strategy and they are confident it will resonate well with what they want to achieve for members of retirement funds. ■

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Amplats ups production to reduce unit costs

BY DAVID MCKAY

A view doing the rounds is that South Africa's platinum producers are the architects of their own troubles owing to a reticence to lower production; in fact, production is increasing.

"The majors have all concentrated on ramping-up capacity instead of restructuring as a way of reducing unit costs," said Goldman Sachs in a recent report.

Allan Cooke, an analyst at JPMorgan, raised a similar objection at the interim results presentation of Anglo American Platinum (Amplats) on 20 July, asking if the company was actually "managing for the current environment" as it contended.

Said Chris Griffith, CEO of Amplats: "We have now got more headwinds and we need to keep looking at where we're profitable and where our mining needs to be as efficient as possible."

The point he was making is that, yes, the company was looking to its own interests and not industry-wide issues, by focusing on increasing volume in order to lower unit costs.

In a conference call with media earlier that day, Griffith said Amplats had already taken pain by restructuring in 2013 in which labour numbers were reduced to 8 700 from 32 000 at the Rustenburg and Union section mines.

Interestingly, production from those two sections will increase by 80 000 ounces between the 2015 and 2017 financial years. "Firstly, we've already cut our

production and, secondly, we continue to cut production when we are producing unprofitable ounces," he said.

Nonetheless, the point remains that the platinum price is caught in the doldrums. Global light-duty vehicle sales, which are important because cars use platinum in their autocatalysts, rose a mere 1% in the first half of Amplats's financial year compared to a year ago, while jewellery sales to China were on the wane. Investment demand, as shown on the Shanghai Gold Exchange, fell 12% from January to June.

"With demand remaining tepid we forecast the metal to be in a structural surplus," said Goldman Sachs. "We remain cautious on the platinum price and expect it to remain depressed to incentivise mine closures."

Whether mine closures of size will ever occur in SA is questionable.

Asked how he saw supply from SA developing, Griffith told *Finweek* that major cuts in output were unlikely, but there will be some changes, especially to expansionary growth.

"At these levels I don't see massive mine closures,

but I do expect to see some production fall. When the platinum price was \$1 200 per ounce you saw some companies doing tweaking. Now, you will see small reductions in production and big reductions in costs with capital projects falling away," he said.

"THE MAJORS HAVE ALL CONCENTRATED ON RAMPING-UP CAPACITY INSTEAD OF RESTRUCTURING AS A WAY OF REDUCING UNIT COSTS."

It has been observed that restructuring in SA is also such a hot political potato among government and unions that major surgery is hard to achieve – a view Griffith said was probably more applicable when his company announced the Rustenburg restructuring in 2013.

"We were stone alone at that point. No-one was lifting their head above the parapets," said Griffith. "If anything, it's probably easier now from a political point of view. We tend to think of ourselves [in SA] as completely alone in this, but all governments globally don't want their private sectors cutting jobs and closing industry. It was almost impossible a few years ago," he said.

Regardless of whether SA platinum production pulls back or not (likely not), the market is in the hands of macroeconomic factors.

"We do see demand increasing, but not too many changes in the medium term," said Griffith.

"It's the macroeconomic issues that are weighing down pricing, such as the strength of the US dollar and the weakening outlook in China, while Europe has also had an effect. So we anticipate the price [of platinum] to be weak for some time," he said. ■

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Chris Griffith
CEO of Amplats

Gold at five-year lows: time to buy?

BY DAVID MCKAY

Talk about kicking the yellow metal when it's down. Data from the People's Bank of China last week shows it recorded a 57% increase in its gold holdings – its first disclosure in five years – yet this was still grounds for a concerted attack on the metal by “the shorts”.

Short traders are investors who are betting the price of gold will weaken. Thus they found in the central bank's data that at 1 658 tons, its gold reserves were a fraction of its \$3.7tr in foreign exchange reserves.

More to the point, the fraction was itself a disappointing number. At 1.67% of the country's foreign exchange reserves, this was only slightly higher than the 1.5% recorded in 2009 when, in fact, gold bugs were expecting China to increase its exposure to gold materially.

Anonymous funds subsequently dumped 57t of gold in overnight trade in Shanghai and New York – at a time when there was minimum trade activity, or liquidity – and to have maximum impact on the value of the metal. The effect was that the price of gold sank to its lowest level in five years of just over \$1 100 from \$1 158/oz the day before.

It's all very disheartening news, but not a complete surprise.

Goldman Sachs has forecast even weaker gold prices as the year drags on. “Our gold price forecasts remain unchanged at \$1 180/oz in three months, \$1 150/oz in six months and \$1 050/oz in 12 months,” it said.

“We expect continued strengthening of the US dollar and a gradual increase in US real rates, driven by strong US economic recovery and the expected Fed rate hike in December to dictate gold prices,” Goldman Sachs said.

The apparent austerity measures accepted by Greece's government have



SOUTH AFRICANS HAVE SHOWN THE ABILITY TO PULL A RABBIT FROM A HAT WHEN ALL SEEMS LOST, AND THE MINING SECTOR IS NO EXCEPTION

also taken the panic out of the Eurozone equation, which may have eventually turned investors to gold as its safe-haven status was reaffirmed.

In any event, the gold price remains vulnerable to good news. Robin Bhar, an analyst at Société Générale, told *Bloomberg News* on 21 July: “I doubt this is the final nail in gold's coffin. I think we can add a few more.”

From a local perspective, gold price weakness is partly ameliorated by a weaker rand against the dollar. The average rand price of gold increased 1% in June as the US gold price was

“outdone” by a 3% depreciation in the rand. Yet this is small beer set against the operational challenges gold counters face in Johannesburg, especially those companies with near 100% exposure to SA and the possibility of strike action. The Association of Mineworkers and Construction Union (Amcu) recently declared a dispute with the Chamber of Mines over its 13% wage offer for entry-level workers. Amcu is seeking the R12 500 a month for starter salaries that formed the clarion call of its five-month strike in the platinum sector last year.

“With Amcu making its intentions clear, a sector-wide strike in gold seems unavoidable, albeit for only a portion of the workforce at each company,” according to Macquarie Research.

This would most affect Sibanye Gold and Harmony Gold, which have high Amcu membership among its personnel – of 38% and 15% respectively – and little offshore production.


The likelihood is that a strike is coming, said Leon Esterhuizen, a gold analyst for CIBC Capital Markets. AngloGold Ashanti has the least exposure to SA, which protects it slightly, while Sibanye has a strong balance sheet which could make it capable of fighting a strike.

Esterhuizen says there may be some trading benefit in gold shares, provided investors understand these are not for holding indefinitely.

“South Africans have shown the ability to pull a rabbit from a hat when all seems lost, and the mining sector is no exception,” he said.

“If we get a decent wage deal, with some tailwinds from a weaker rand or even a slightly higher US dollar gold price, the upside could be worth getting involved for right now,” he said. ■

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The seven-storey One on Whiteley apartment building (artist's impression) is to be situated above Virgin Active, for gym enthusiasts, and Daytona Group, which caters to aspirant Aston Martin or Rolls-Royce owners.

Melrose Arch: A tad more affordable for homebuyers

BY GLENDA WILLIAMS

For home hunters looking for a vibrant cosmopolitan lifestyle with secure mixed-use living, arguably one of the most desirable precincts in Johannesburg is Melrose Arch. But those without deep pockets have historically been unlikely to realise this dream. Limited residential development and massive demand meant the cheapest residential apartment would have set them back R4.5m in 2011, if they could find one.

But more residential accommodation has been brought to market within the premier urban mixed-used development. And it is somewhat more affordable.

Aimed at the younger buyer – to spread the demographic – is One on Whiteley. The much-awaited fourth residential phase of Melrose Arch brings 119 luxury apartments, with a total value of R450m, to the popular precinct. Ranging from R2 695m for a 60m² one-bedroom apartment to R6 048m for a two-bed 136m² unit, the homes will be ready for occupation by July 2017. They are all equipped with air conditioning, fibre-to-the-home accessibility and full electricity backup.

The exclusive precinct, famous for its high-street café culture, makes it a firm favourite for those looking for a centrally situated, sophisticated European-type

lifestyle. Close to the business hub of Sandton, it is also on the Rosebank and Gautrain bus route. It is home to internationally renowned hotels and restaurants, blue-chip companies, doctors, gyms and even a nursery school. And there is plenty of retail relief. Arguably one of the safest precincts in South Africa, the area is covered by 600 CCTV cameras and patrolling security personnel.

Not surprisingly, limited residential space and ongoing demand means it is also popular as an investment. The first three residential phases of 171 units had gross rental yields of between 9.5% and 14%. Andrew Golding, chief executive of the Pam Golding Properties group, says this is among the best in the country. Rentals in Melrose Arch, which currently has no vacancies, command between R22 000 a month for a one-bedroom apartment and R45 000 for a two-bedroom unit. Unsurprisingly, a number of the new One on Whiteley units have already been snapped up by investors.

Good capital growth, the measure of which is seen in the escalation in square metre value, is expected to be in the region of at least 5% over the next two years, according to Pam Golding's Peet Strauss.

"The first phase at Melrose Arch, which sold between 2004 and 2005, was marketed for R19 500/m², and the second

MORE TO COME

Considerably more development within the Melrose Arch precinct is planned or underway. The precinct currently comprises 225 000m² of mixed-use development with a further 375 000m² earmarked for future phases. This includes hotel, retail and commercial office space, and super-basement parking. Retirement accommodation through a life-rights product could even be on the cards. The precinct will also house conferencing, exhibition and entertainment facilities, movies and theatres, as well as two health clubs and 18 000 parking bays. And it will eventually be home to more than 1 000 residents. **The precinct will ultimately generate a capital asset value of more than R16.5bn.**

for R24 000/m² between 2006 and 2007. The third phase, in 2012, was marketed at R38 000/m² and the new phase is being launched at between R45 000 and R48 000/m²."

That escalation has not daunted would-be buyers. Twenty apartments have been reserved pre-launch. ■

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SA company wins the internet

BY JON PIENAAR AND MANDY DE WAAL

A few weeks short of its seventh birthday, Cape Town-based **WooThemes** was purchased by American dot-com giant, Automattic, which also owns WordPress. The deal is rumoured to be worth in the tens of millions.



Mark Forrester
Co-founder of
WooThemes

Cape Town-based WooThemes was acquired by WordPress parent company, Automattic, mid-May 2015, for a price tag that US independent tech news site, Re/code, reported was \$30m (over R368m).

Mark Forrester, co-founder of WooThemes, which gave birth to WooCommerce, is bound by a nondisclosure agreement and couldn't confirm the amount. However, he says rumours on various news sites give "a rough idea of the ballpark".

Forrester's offices are in The Old Biscuit Mill in Woodstock, Cape Town – somewhat of a cultural landmark in the trendy neighbourhood.

Upstairs in his offices Forrester has been baking with code. The term "baking" in dot-com parlance means the work of creating code, of system engineering, of design and creating everything it takes to make a digital service or product that people or businesses will use.

Forrester is a humble, smart, yet soft-spoken man with a clear appreciation of good design.

"I think we were very fortunate," Forrester says, talking about how the deal with Automattic came about. "In my inbox I have emails and communications with 15 of the world's top VCs [venture capitalists]. When I was in New York around this time last year, we got chatting with one of the bigger ones." »

» While in New York, Forrester talked with VCs about how, money aside, their portfolio of companies could complement the WooCommerce offering. WooCommerce is an e-commerce platform that powers some 29% of all online stores.

“E-commerce has just been such a hotbed over the last year,” Forrester says, speaking about the big deals and IPOs happening in this space. He’s right. Global research company, Nielsen, declares that “e-commerce is big business and [is] getting bigger every day”.

Nielsen estimated that business-to-consumer e-commerce sales worldwide reached some \$1.5tr in 2014, a jump of about 20% from 2013.

WHAT IS WORDPRESS?

Automattic is the US-based company behind free blogging phenomenon, WordPress.com, and the owner of the open source content management system, WordPress. Brands, people or entities that use this system include Sweden, Calvin Cordozar Broadus aka Snoop Dogg, Katy Perry, Usain Bolt, Silent Bob aka Kevin Smith, *The New York Times*, *Wired*, MTV... WordPress is the rock star brand of content management.

WordPress software can be installed on the most basic of hosted servers, and provides users with a user-friendly content management system. This enables users to set up a blog or website without having to “get their hands dirty” with HTML, CSS or JavaScript code.



Hiro, a deadly but friendly ninja cartoon, is part mascot, part corporate metaphor for WooCommerce.

WordPress allows for widgets and plugins – these include “buttons” on each page that trigger social media “likes”, or software to filter out spambots from exploiting the comment section of a site.

LANDING THE DEAL

WooThemes was started in 2008 by Forrester, Magnus Jepson and Adii Pienaar. The three had a common interest in creating beautiful themes for WordPress sites, and decided to collaborate on making themes that would be commercially available to companies or bloggers who were willing to pay for them.

“We were one of the first [companies] to go into commercial theming, and over the first couple of years we explored more and more niches of WordPress templating. We started out with basic newspaper and magazine type themes and we moved into business themes,” says Forrester.

The first plugin WooThemes built and released, in September 2011, was called WooCommerce. It was created to accommodate the needs of many of their clients who were asking for an e-commerce enabled “theme”. Clients specifically wanted to have a “shopping cart” feature on their website that would allow them to sell goods or services directly to customers.

Forrester explains: “There was only one provider at the time, called WP eCommerce, and we saw an opportunity. We thought: let’s build our first plugin, and bake this functionality into a plugin, and then we’ll build beautiful templates for the plugin.” Within a short while WooCommerce became a major focus of Forrester’s business.

“We always thought our money was going to come from our e-commerce themes. Little did we realise that WooCommerce, the plugin, the freemium model that we’d created, and the extensions that we also created, would become the core business,” says Forrester.

WooCommerce’s plugin required extensions to allow it to talk to payment

TECH TERMS

■ **Slack:** An organisation-based messaging system that replaces e-mail, so that information is easily accessible and archived – nothing is lost when someone leaves the company or project. It is also searchable and designed for open conversations between project members.

■ **GitHub:** GitHub has long been used in the software world as a repository for code and a way of tracking changes made to software by different contributors.

gateways and logistics providers in different countries. The open-source nature of the project meant that developers from different countries, who understood the complexities of local currency and tax regulations, could write the extensions for the plugin. This way WooCommerce became localised in countries around the world.

Forrester has always considered WooThemes to be an international company, even though it is registered in South Africa and employs many of its developers in Cape Town. When the company started, Forrester was based in the UK, Pienaar was in SA and Jepson was in Norway.

In fact, it took 16 months of collaboration before the three met face-to-face, or even had a verbal exchange on a telephone.

“It was incredible to look back at it and see how lucky we were to find three trusting individuals who complemented one another’s skill sets, who shared such a passion. And the team has grown organically because of this, because of the confidence we’ve had in our structures,” explains Forrester.

Pienaar left the company in late 2013, to explore other areas of the WordPress ecosystem. He is currently developing Receiptful, a plugin that turns ordinary online receipts into marketing opportunities.

When Pienaar left, Forrester says that he and Jepson were forced to reappraise what they wanted for the company. “In 2012 and 2013, we had fantastic growth – over 400%. At that point we were really trying to decide how aggressive we wanted to be with our growth model. Were we going to take venture capital?”

“We have always been a bootstrap company with firm bootstrapping beliefs, but we were at a point where we could begin to dictate better terms for acquiring money – how much we’d take and who we’d bring on board.”

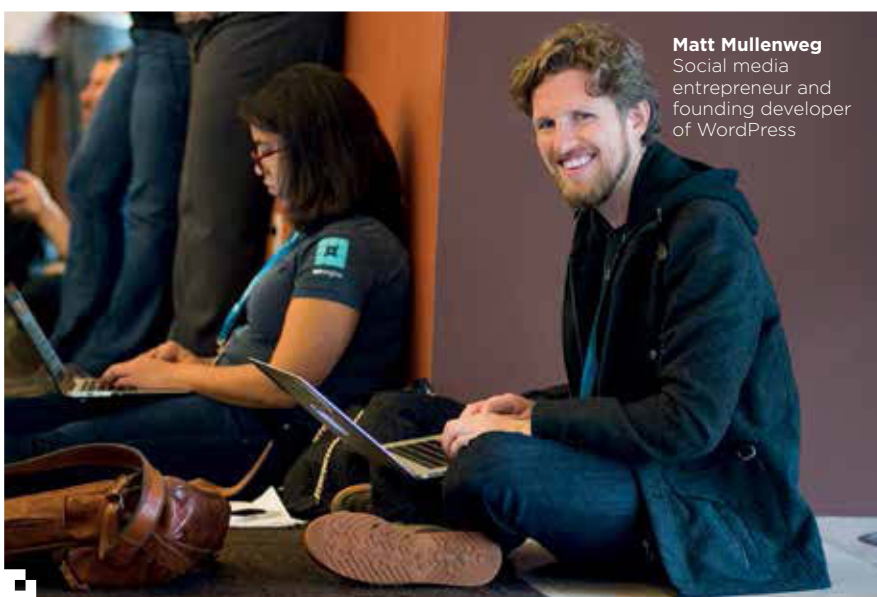
Despite interesting offers from VCs with good synergies, Forrester and Jepson never felt completely comfortable, and continued to guide the company through its organic growth after Pienaar’s departure.

As WooCommerce grew, its distributed model enabled the company to hire developers from anywhere in the world, and still work as a team. Using collaborative tools like Slack, Google Hangouts, Skype and GitHub, the WooThemes team was able to work together without sharing the same office space or meeting face-to-face.

WooCommerce has given rise to an open-source economy of developers who have built, and continue to develop, software “extensions” that support the use of WooCommerce.

“The early days of WooCommerce were sort of like the Wild West,” says Forrester. “There was a ‘gold rush’, so any developer could build one of these extensions, and we had our own curated marketplace, where they would earn a 50:50 revenue split. So developers around the world were contributing, not only to core, but building out extensions, and realising that they could make money by servicing WooCommerce users.”

“This still very much exists today, and it is hugely important in our success story, in that we’ve had developer buy-in from the start,” Forrester says. “We have 250 core contributors, and we’ve got companies that have



Matt Mullenweg
Social media
entrepreneur and
founding developer
of WordPress

Image/Matt blog

grown from one-man freelancers to teams of five to 10 people, who *only* service WooCommerce customers, who are *only* building products for WooCommerce.”

With over 8.5m downloads (and counting), and over 1m active installs, WooCommerce is used in 29.87% of the world’s online stores. Sites powered by WooCommerce include Tokki, a timepiece supplier; Life!, a home décor supplier; and Moment, a maker of mobile photography lenses (such as wide-angle lenses for an iPhone).

The future for WooCommerce is about continuing to build out what they consider to be the world’s best e-commerce solution, so that it is the globe’s most popular option for online shopping.

When he announced the acquisition of WooCommerce by Automattic in May 2015, Matt Mullenweg, WordPress co-founder, said: “We’re looking forward to our teams working together as we bring WooCommerce to an even wider audience, because I do believe that the web needs an open, independent and easy-to-use e-commerce platform that you can run yourself on your own website.”

The South African company remains, says Forrester. Although Automattic is an American country, WooThemes [WooCommerce’s parent

company] will not be moved offshore. “The IP is retained here in South Africa,” says Forrester.

“I am sure that there will be some restructuring within Automattic, but this is a share purchase.”

As WooCommerce is absorbed into Automattic, it will allow it to scale up to offer e-commerce solutions to larger companies and to achieve greater reach in more countries across the globe.

They currently have staff across 16 countries, with contributors across 41.

“So we are really pioneering distributed workforces, and the structures now need to be put in place logistically to manage these teams well.”

Managing growth will be an important part of Automattic’s future because of the potential scale of e-commerce and the apparent popularity of WooCommerce. On his blog, Mullenweg once stated: “I am more motivated by impact than money, and I know that Open Source is one of the most powerful ideas of our generation.”

Powerful ideas that are well executed have a tendency to be popular, as WordPress and WooCommerce prove. Both represent an economic revolution in that this is not about hierarchical capitalism but more about disrupting and democratising capitalism. ■

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The tricky business of job satisfaction

BY JESSICA HUBBARD



Chantelle Blandin de Chalain
Organisational development manager
at Independent Counselling and
Advisory Services SA

For many of us, finding true satisfaction and fulfilment at work is a constant challenge. In conversations, we find ourselves griping about noisy offices, demanding bosses and unfair pay. Very rarely do we hear someone affirm that they truly love what they do and enjoy being at work. So is true job satisfaction a mere pipe dream for most of us?

Management and employee engagement specialists believe not. It does, however, often require a change in tack on the part of both the employer and employee.

MORE THAN THE MONEY

Research has consistently shown that employers have little insight into what fosters job satisfaction among employees. According to Chantelle Blandin de Chalain, organisational development manager at Independent Counselling and Advisory Services SA (ICAS), many employees perceive job satisfaction to be directly related to remuneration.

“However, even though remuneration has a big part to play in job satisfaction, there are so many other key drivers to ensuring an employee is happy in what they do and engaged in their daily job when ‘money’ is taken out of the equation,” she explains.

In her view, people need to find meaning and purpose in what they do.

“If they believe in what they do and the contribution they

make to their team, company or even community, I fundamentally believe an organisation will find a workforce that is satisfied and engaged,” she says.

Anton van Heerden, managing director for Sage HR & Payroll, echoes this sentiment, noting that many companies “imagine that money is the only thing that matters to employees”.

“Most people want financial security and comfort, but competitive remuneration is just the start of a good relationship between company and employee,” he says. “There are few people who work purely for financial reward, but most employees also look for purpose, achievement and personal development in their careers.”

“

MOST EMPLOYEES
VALUE FEEDBACK AND
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ISN'T THE HIERARCHICAL
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OF THE PAST.

”

THE FEEDBACK LOOP

Van Heerden adds that another common misconception is that all

employees can be self-motivated and work without guidance.

“Most employees value feedback and direction, even if today’s workplace isn’t the hierarchical command-and-control environment of the past,” he explains. “People like to know what they’re doing right and where they can improve, and they also value structure in their jobs and relationships with their bosses.”

To address this, he believes that companies should use informal meetings, structures such as monthly one-on-one discussion or performance reviews to listen to employees’ views.

In addition, he notes that mechanisms such as anonymous job satisfaction surveys can give insight into employees’ loyalty levels.

Debbie Goodman-Bhyat, CEO of executive search firm Jack Hammer, insists that the “first basic rule” for employers is to have “frequent, open, transparent conversations”.

“Ask questions, and listen,” she advises. “Then live up to your promises and commitments, if you make any.”

She adds that employers should also provide opportunities for people to connect “with one another and with you” so that as an employer, you can develop bonds of trust.



Debbie Goodman-Bhyat
CEO of executive search firm Jack Hammer

“Enable a culture of ‘safe’ mistake-making – people are much more likely to contribute, innovate and try new things if they are not fearful about making mistakes,” says Goodman-Bhyat. “And then acknowledge the input and contribution of others.”

Blandin de Chalain says that the role of the manager is often key to employee engagement and satisfaction.

“Managerial support is key in job satisfaction,” she says. “We often see from a retention management perspective that employees are dissatisfied with their roles due to a lack of managerial rapport and not the role itself...”

GETTING STUCK IN

Blandin de Chalain adds, however, that the responsibility also lies with employees – and without the “dual relationship in terms of accountability”, enduring job satisfaction can never really be achieved.

“Employees often forget that it’s a dual relationship... the feeling is often ‘if my manager changes, or have a different manager I will be happier,’” she explains, adding that people need to understand what job satisfaction “looks like for them as individuals”.

“People perceive their role and contribution differently and it is so important that employees are aware of what their expectation is of their job, as well as from their employer,” she adds.

Goodman-Bhyat agrees that employees also need to step up, and says that it ultimately comes down to individual effort.

“You get what you give,” she states. “Don’t be an observer – step up and step in, and get your hands dirty... never be someone who says ‘it’s not my job’ – going the extra mile will be noticed and rewarded in time. And even if you’re doing a routine job, make sure that each day you give it your best shot, no short cuts. Excellence is a habit, and excellence will be noted.” ■

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ANTON VAN HEERDEN,
MANAGING DIRECTOR
FOR SAGE HR & PAYROLL,
PROVIDES PRACTICAL TIPS FOR
ACHIEVING JOB SATISFACTION:

■ Look for roles that interest and challenge you:

The more engaged you are in your work and the more you feel challenged by it, the happier you’ll be. Find a job that stretches you and makes you learn – that doesn’t mean tackling a role for which you’re not qualified.

■ **Be positive:** There are days that work will be frustrating or boring, but on the whole, it’s important to maintain a positive attitude. Focus on the elements of the job that you enjoy rather than feeling disgruntled about the hour of admin you need to do every day.

■ **Maintain positive relationships with co-workers:** Try to build good relationships with your co-workers – having people that you can bounce ideas off, collaborate with, trust and share jokes with will make you much happier in your job.

■ **Don’t let your work become your whole life:** It’s important to spend time with friends and family, to find a few hours each week for exercise and personal interests, and to sleep properly every night. If you are working so hard that it affects your health and your relationships with others, you are probably not going to be happy at home or at work.

Is your job safe from smart computers?

BY JININE BOTHA

Like the industrial revolution almost two centuries ago, so too today's digital revolution is reshaping the way we live and work. And just like in the 1800s, many people fear the changes these machines could bring to their lives.



Simon Dawson/Bloomberg via Getty Images

Many UK retailers have already introduced self-serve checkout points, such as these in an Asda in London. While traditional tills with cashiers still exist in such stores, customers increasingly prefer to use the speedier self-serve points.

A study by Oxford University predicts that 47% of American jobs are at “high risk” of being taken over by robots in the next 20 years. And a recent report by the US Department of Labor says about 65% of the jobs people will be doing in 10 years’ time have not been thought of yet.

It is only natural that people feel threatened by machines, which could, and in some cases already are, performing jobs people make a living from now.

A recent report by PwC found 81% of CEOs say they are looking for a wider mix of skills than they have in the past. According to this report, businesses desperately need tech-savvy innovators and “hybrid” workers, who understand

AS TECHNOLOGY
RACES AHEAD, LOW-
SKILL WORKERS
WILL REALLOCATE
TO TASKS THAT ARE
NOT SUSCEPTIBLE TO
COMPUTERISATION
– TASKS REQUIRING
**CREATIVE
AND SOCIAL
INTELLIGENCE.**

both their own sector and complex digital technology.

Gerald Seegers, head of human resources services for PwC Southern Africa, says: “The digital age has transformed the skills shortage from a nagging worry for CEOs into something more challenging. Businesses are faced with a complex and shifting world where technology is driving huge changes. They desperately need people with strong technology skills who are adaptable and can work across different industries.”

But, he says, these people are hard to find and can charge a premium for their skills.

Richard Cooper, an economist at Harvard University, studied the impact

of technological advancements on employment. "The idea of technology destroying jobs has been going on for two centuries," he told Bloomberg. "Certain jobs get destroyed, but other jobs get created."

Tom Austin, a research fellow at Gartner and chairman of Smart Machines, says smart machines won't simply eliminate certain jobs overnight. "Sometimes, machines can replace people – but that takes place over a long period of time. Sometimes, they can't."

"Take autonomous and driverless vehicles. While autonomous features are appearing now, and driverless vehicles will become commonplace a bit after 2020, we don't expect the job of a truck driver to disappear until the late 2040s or so."

Smart machines fall into the class called general purpose technology [GPT] that will dramatically alter how we work, play and live, says Austin.

"It will change how business gets done and how governments are run. It will change the way we learn and what we earn." But the change could take 75 years or even more, he says.

An academic paper from two Oxford

University scholars, titled *The future of employment: How susceptible are jobs to computerisation?* examines the chances that a computer or robot will take over a job function.

Their findings suggest that "as technology races ahead, low-skill workers will reallocate to tasks that are not susceptible to computerisation – tasks requiring creative and social intelligence".

To win the race, workers will have to acquire such creative and social skills, the paper says. Instead of asking which jobs could be replaced, we should ask what the world needs more of, Austin says.

"Healthcare, for one. Smart machines will make nurses more capable of doing doctors' assistant jobs. They'll also allow doctor' assistants to do more of the work performed by general practitioners. Will it kill some jobs? Mechanical automation has replaced many pharmacists' jobs already."

He warns against missing the value of pairing people and smart machines to produce better results than either one could accomplish alone. ■

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JOBS ALREADY BEING PERFORMED BY ROBOTS

■ **Dispensing medicine:**

Replaced by robotics-controlled dispensaries at two non-profit medical centers in the United States in 2011. Computers receive medication orders from doctors and pharmacists, and robots pick out and package the pills for dispensing.

■ **Driving:** Uber announced in February it would combine efforts with Carnegie Mellon University to develop driverless cars. Working models of Google's self-driving cars are already on the road.

■ **Fighting:** Drones have often replaced soldiers in war.

■ **Telemarketing:** Software developed by Avatar Technologies allows call centre agents to send pre-programmed questions and responses to a client, in the accent of the client's country.

■ **Cooking:** In April the Robochef was unveiled in Germany. Robochef records human movements through motion capture and then repeats the actions to make a meal.

■ **Policing:** A prototype named K5 is in development by a company called Knightscope. The machine features thermal imaging, licence plate reading and facial recognition software.

■ **Staffing hotels:** A small machine developed by Savioke named SaviOne can deliver almost 5kg of goods to a room on request.

■ **Piloting:** Aircraft are already controlled by autopilot, for the most part. The US Airforce is also testing whether larger planes can be controlled with remote controls.

■ **Working on farms:** Various machines have already reduced the need for large groups of farm workers.

THE CHANCE THAT A JOB WILL BE COMPUTERISED

LOW PROBABILITY OF BEING COMPUTERISED

- Doctors, surgeons and nurses
- Dentists
- Clergy
- Chief executives
- Civil engineers
- Fashion designers
- Substance abuse and behavioural disorder counsellors
- Lawyers, judges and magistrates
- Hairdressers and cosmetologists
- Athletes and sports competitors

HIGH PROBABILITY OF BEING COMPUTERISED

- Market research analysts and

marketing specialists

- Taxi, bus and light delivery truck drivers
- Civil engineering technicians
- Technical writers
- Human resources assistants, except payroll and timekeeping
- Tax examiners and collectors, and revenue agents
- Accountants and auditors
- Paralegals and legal assistants
- Cashiers
- Umpires, referees, and other sports officials

SOURCE: *The future of employment: How susceptible are jobs to computerisation?* by Carl Benedikt Frey and Michael A Osborne, Oxford University

How to manage a team of B players

BY TOMAS CHAMORRO-PREMUZIC

In 2004, Greece surprised the world by winning the European Championship, one of the toughest tournaments in international football. Despite being a team of mostly peripheral and unremarkable players, they overcame France and hosts Portugal (twice) to lift the trophy. Even hardcore football fans would be unable to name more than two players on that Greek squad, yet few will forget the remarkable collective achievement of a team that beat the odds of 150:1 for winning the trophy.

What allows a team of B players to achieve A-team success? A great deal of scientific evidence suggests that the key determinants are psychological factors – in particular, the leader's ability to inspire trust, make decisions and create a culture where individual agendas are eclipsed by the group's goal. This is true for all teams, but if you're leading a team of B players (people who are second-best in terms of competence, talent or potential), you have to be an A-class leader; otherwise, your team will have no chance.

Effective leaders tend to share some common characteristics. Firstly, they have better judgment than their counterparts, meaning they can make good decisions and learn from experience. Secondly, they have higher emotional intelligence, which enables them to stay calm under pressure, build close and meaningful relationships with their teams and remain humble even in the face of victory. Thirdly, they tend to have very high levels of ambition, remaining slightly dissatisfied with their success; this is why they stay hungry and continue to work hard, as opposed to getting complacent.



FOUR IMPORTANT TACTICS CAN HELP LEADERS MAKE THEIR TEAMS MORE EFFECTIVE:

Vision. Turning B players into an A team requires a strategy that represents a meaningful – and attainable – mission for the team. With A players, you might get by with a hazy picture of the future or a goal that shifts over time. For less-than-A players, you need to ensure that your goal is clearly defined. And it should include a plan of attack – milestones and tactics that allow the team to figure out their next steps.

Analytics. No matter how smart and experienced leaders are, they will make better decisions if they are armed with data. Data can cut through the biases and politics and create a culture of fairness and transparency. Intuition is still needed to translate data-driven information into useful knowledge, and there are many problems that data won't solve. But a team with better monitoring systems for quantifying performance will always have an edge, and the power of feedback will always depend on the accuracy of the analytics.

Feedback. Studies have shown that individual and team feedback improves performance by around 25% – a margin

substantial enough to let less-skilled teams who get a lot of feedback outperform better teams that aren't getting feedback. When you have a team of B players, it is important to be honest with them about their limitations. Instead of making them think that they are better than they actually are, tell them they will need to work hard to close the talent gap between them and their rivals.

Morale. Leaders own the job of creating engagement. Although individual engagement is critical, team morale is the key. You might have a team of B players, but when they share common values and motivations, they will raise one another's performance levels.

Asked the secret of his team's success, Greece's soccer coach Otto Rehhagel explained that it was mostly about his relationship with the players: "I cherish them, I hold them in the highest esteem. I know what makes these boys tick. I don't lead by committee. I take the responsibility for my choices." ■

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TASTE HOLDINGS



Still appetising, but pricey

THE DEAL BETWEEN Starbucks and Taste Holdings is a big one, especially coming on the back of the Domino's Pizza deal Taste clinched last year. These two deals turn the company into a serious player in the space and highlight the deal-making skills of CEO Carlo Gonzaga.

That said, the share price has run hard, up almost 20% on the Starbucks deal, and the rewards of these two deals are going to take some time to start reflecting in the profits. Starbucks will also require a

lot of capex spending as the stores will be company-owned rather than franchised. They will also start rolling out only next year.

I am never a fan of selling quality core holdings, and Taste is still a high-calibre company. So I would not sell if I already held it, even though the stock is expensive and will likely drift lower. As it is currently expensive, I'm not interested in buying at the moment. But I have added it to my watch list. ■

Simon Brown Last trade ideas

- BUY** DBXUS
- SELL** Anglo American Platinum
- BUY** STXIND
- SELL** NGPLT

GROWTHPOINT PROPERTIES



Living up to its name

GROWTHPOINT PROPERTIES, WHICH owns a portfolio of real estate in South Africa and Australia, seemed irrecoverable when it encountered strong resistance at 2 855c/share in April and steepened its bear trend in a 10% drop in three days. But many investors can now breathe a huge sigh of relief as Growthpoint rapidly reclaims those losses, even escaping its short-term bear trend. In May, Moody's upgraded Growthpoint's credit rating, adding further support. The rating agency cited the company's sizeable, diversified portfolio, stable cash flows supported by low vacancy rates, and stable operating margins, along with the group's track record of sound liquidity management as key drivers.

My outlook on Growthpoint has remained positive this year, despite its recent pullback, and I expect it to surge to the 4 565c/share targeted level in the long term. The fundamentals seem to concur, with the recent acquisition of Acucap Properties and Sycom - a transaction that boosted Growthpoint's property assets by R18bn to

nearly R100bn. The transaction with Acucap and Sycom - which were in the process of merging when the Growthpoint deal was announced last year - is important, particularly because it adds meaningful retail property exposure to Growthpoint's portfolio.

Other positive factors include its sustainability track record. Growthpoint currently owns or co-owns the largest portfolio of green buildings of any company in SA, and Rudolf Pienaar, divisional director: offices, was appointed to the board of the World Green Building Council earlier this month.

Though I anticipate a pullback in coming days, a recovery above 2 775c/share should present another good buying opportunity. That ought to drive Growthpoint to the 3 045c/share prior high. Positions may be increased above that level, as gains to the 3 675c/share target could follow in the short term. Investors should refrain from going long if near-term downside persists through 2 675c/share. ■

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Moxima Gama Last trade ideas

- BUY** British American Tobacco
- SELL** Richemont
- SELL** Datatec
- BUY** FirstRand

Striking the **balance** between income and growth

BY JANA MARAIS

SANLAM INVESTMENT MANAGEMENT (SIM) INFLATION PLUS FUND

This fund invests in a combination of asset classes, including equity, bonds, money-market instruments and listed property. It can invest 25% offshore and no more than 40% in shares. Capital protection is a key objective, so the fund aims

to avoid large negative returns, even during market downturns. In May, for example, the fund produced a positive return despite a 4% decline in the JSE's All Share Index. An investment timeframe of three to five years is recommended.

FUND INFORMATION

Benchmark:	CPI (consumer price index) +4% over a rolling three-year period
Minimum lump sum or monthly contribution:	R5 000 or R200
Fund managers:	Philip Liebenberg and Gerhard Cruywagen
Total Expense Ratio (TER):	1.08%
Fund size:	R5.2bn
Contact details:	086 010 0266 and www.sanlamcollectiveinvestments.com

PORTFOLIO DETAIL (AS AT 31 MAY)

	% of fund
1 Cash and money-market assets	55.68%
2 International assets	21.93%
3 Equities	12.45%
4 Bonds (3-7 years)	4.07%
5 Bonds (0-3 years)	2.62%
6 Inflation-linked bonds	1.52%
7 Property	1.33%
8 Bonds (12+ years)	0.38%
9 Preference shares	0.02%
TOTAL	100%

ANNUALISED PERFORMANCE (AS AT 31 MAY)

	1-Year	3-Year	5-Year	10-Year
• Inflation Plus Fund	10.1%	12.38%	11.65%	10.51%
• Benchmark:	8.61%	9.58%	9.39%	10.51%

Fund manager insights

The **SIM Inflation Plus Fund** provides a good solution for investors who desire a good balance between income and growth, and explicit downside protection, says fund manager Philip Liebenberg. Capital protection is a key focus area, and since 2009, investors have been fortunate to not have experienced any negative rolling one-year returns.

Currently, the fund is partly hedged out of South African equities, which Liebenberg sees as expensive. Instead, he believes European equities and South African bonds offer better value. The fund doesn't do stock-picking in European markets but typically buys exchange-traded funds or broad index funds, he says.

While the rand is currently undervalued, it still makes sense to invest in European

stocks, says Liebenberg. In addition to European equities offering value, thereby offsetting the undervaluation of the rand, it is important to have a hedge against the rand in your portfolio, he says. "It makes sense to diversify."

The fund has also been slowly adding local bonds, which the team "[thinks] are cheap at these levels" as the market has been too bearish on the interest rate hiking cycle, says Liebenberg.

According to Liebenberg, developed market bonds and local equities are expensive. The fund's biggest equity holdings at the end of May included Naspers*, MTN, Steinhoff, BTI Group, Sasol, Old Mutual and Standard Bank.

*Finweek is a publication of Media24, which is a subsidiary of Naspers.

WHY **FINWEEK** WOULD CONSIDER ADDING IT

The fund currently holds a PlexCrown Fund Rating of 5, the highest score, which is awarded only to funds with competitive returns generated with much less volatility than that of their competitors. Despite its defensive approach, the fund has rewarded investors with positive real returns – since 2009, it has delivered a positive return for all 66 rolling one-year periods (with a one-month shift). If capital protection is therefore a priority and you want your investment to keep pace with inflation, this is an option to consider. ■

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Ditch the losers in your portfolio

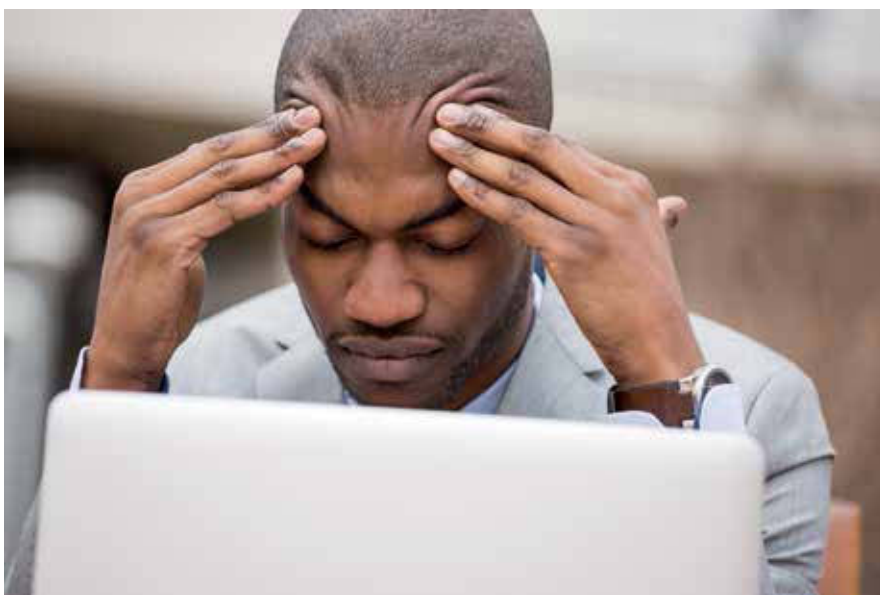
BY SIMON BROWN

What is the quality of the stocks in your portfolio? Are they a collection of highly speculative shares that *could* do well, but are many of them, in fact, struggling? Do you have a smattering of stocks you wish you didn't own at all, like that junior miner you felt was going to be massive but instead saw its share price plummet down its own mine shaft? Or does your portfolio comprise a collection of top-quality globally competitive companies that turn in great profits year after year?

Most portfolios are a combination of these – a blend of hope and proven quality. I know my portfolio isn't as great as it should be and that's what I want to address this week – fixing up a portfolio.

In particular, I want to focus on that small cap that held so much promise but now just causes you pain. The one that, if you're truthful, you wish you'd never bought. It is sitting on a massive loss and every time you look at your portfolio, it stares out at you, taunting you and making you cringe when you see the percentage loss. In truth, it was simply just a bad purchase, no matter what you tell yourself, no matter what the prospects were supposed to be. You got it wrong. Maybe it was because of greed, maybe your share-buying process was lacking or maybe there was a risk you didn't take into account. Or maybe you just bought into a sector, like platinum, that seemed bullet-proof but has since been decimated.

So what do you do with this struggling stock? Simple – sell it. Sell it right now, this minute. You've been promising yourself that as soon as it moves to a higher level and the loss feels less painful (or better yet when



you're at break-even), you'll sell. But it keeps slipping lower and the pain is growing. So sell it. Even if it would have eventually recovered your money, you are better off focusing your efforts on something less emotionally taxing. So sell it, delete it from your watch list, move on without ever looking back.

WE HAVE TO TAKE
IT ON THE CHIN, EXIT
THE POSITION, LEARN
FROM OUR MISTAKE
AND MOVE ON.

It is to be expected that we will buy the wrong share from time to time, that's part and parcel of investing. Nobody is always right. What matters is how you respond to being wrong – it is not easy to admit it and then also to take a loss on a share you felt had great potential. But we have to take it on the chin, exit

the position, learn from our mistake and move on.

After you've sold the stock, it is important that you take a lesson from the experience. I always keep notes on shares I have bought. As I am researching them, I write down what attracts me to them and what risks I see. Ultimately I want a list of the three top things that attract me to the stock. The process serves two purposes; first, it helps in the selection, as it means I can't just buy on a whim – I have to do the work and dig into the stock. But, just as importantly, this list helps me if I get it wrong and end up selling the shares (and the sale may not always be at a loss but simply because they aren't performing as expected). I can revisit my research and see what I got wrong. Where did my thinking or research let me down and can I improve the process for next time?

So sell that dog of a stock lurking in your portfolio. Learn the lesson, remove the pain and be a smarter investor as a result. ■

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Resilient Property Income Fund set to extend its gains

CATCH
MOXIMA GAMA
 ON FINWEEK:
 MONEY MATTERS
ON CNBC AFRICA
 EVERY FRIDAY
 AT 1PM.

BY MOXIMA GAMA

In retaining my long-term bullish view on property funds, I expect Resilient Property Income Fund to appreciate substantially in the medium term before a huge correction occurs. Resilient, a retail property loan stock company, owns a portfolio of regional malls and shopping centres tenanted by national retailers.

It also holds stakes in other property fund companies that invest in different types of property markets, locally and internationally. This includes Capital Property Fund, Fortress Income Fund, New Europe Property Investments and Rockcastle Global Real Estate Company. Because Resilient's portfolio is limited to retail properties, its holdings in the Capital Property Fund and Fortress Income Fund give it access to the commercial and industrial sectors.

One of the attractive features of listed

property as an asset class is the consistent and stable above-inflation distribution growth generated by the sector, which is driven yearly by rental escalations of between 7% and 9%.

Though the local office sector is struggling with high vacancy rates, the retail division of the company is likely to compensate, as there is an increasing number of offshore retailers who require space in local shopping centres. Labels like Zara, Forever 21, Cotton On and Longchamp are new offshore entrants to the retail market. Some of these retailers are even adapting ambitious expansion strategies, like Cotton On, which is aiming to roll out 500 stores in five years.

Fortress Income Fund recently announced its intention to acquire all the listed shares of Capital Property Fund it does not already own in exchange for Fortress shares. If the deal is concluded,

Fortress will become the JSE's third-biggest South African-based property fund by market capitalisation, worth about R44.5bn. The new fund will be a more liquid offering to South African investors. After the takeover, Fortress will have a platform to invest directly in property abroad, which will provide investors with protection against a weak rand. With its sister companies making headway in diversifying and beefing up their own portfolios, Resilient is bound to benefit from these transactions, which should assist in appreciating the share price further.

POSSIBLE SCENARIO: Resilient has confirmed a flag pattern above 9 280c/share. Resuming its previous bull trend above 10 500c/share should see further upside through the 10 925c/share all-time high – towards the first target at 12 385c/share in possibly one to three months. The secondary target is situated at 14 550c/share. This move would be an extension of the third phase of the primary bull trend.

ALTERNATIVE SCENARIO: A reversal below 8 600c/share would end the third phase and a major correction through the 7 820c/share support mark to the second support trendline could ensue. ■

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RESILIENT PROPERTY INCOME FUND LIMITED (WEEKLY CHART)



52-week range:	R61.07 - R109.23
1-year total return:	+67.9%
Current P/E ratio:	10.7
Market capitalisation:	R38.5bn
Earnings per share:	R9.51
Dividend yield:	3.62%
Average volume over 30 days:	338 690

SOURCE: Bloomberg.com

Simon's stock tips

BY SIMON BROWN

GOLD: GOING, GOING, ALMOST GONE

Graham Briggs
Harmony CEO



CEO Graham Briggs is retiring after seven years at the helm of Harmony. Back in 2008 the rand gold price was about R5 700 per ounce. It is now up at R14 000. In rand terms, the price of gold is not that much off the highs of late 2012 when it was just under R16 000. However, the Harmony share price is a different story. In 2008 the stock was included in the Top 40 Index; now it is a small cap – the price has collapsed from a high of more than R110 in 2008 to a current price below 1 500c. The myriad issues have been well documented. The bigger picture is that gold mining in South Africa really is a sunset industry and I can see nothing that would save it from ultimate extinction.

ANCHOR'S AWAY

In a trading update Anchor Capital says HEPS is expected to be 19c-21c for the first six months ending June. If we then add the Robert Cowen Investments transaction (effective 1 June) it should add 20% to the second half. That means about 24c and if we add in some more growth, Anchor could do 50c HEPS for the year ending December. At a current share price of 1 200c, that means a forward P/E of about 22 times. Suddenly this high-flyer is not so expensive even though it is still priced higher than its peers. But Anchor is growing faster than its peers, so the higher rating is well justified.

THE IMPORTANCE OF DIVERSIFICATION

Staying with mining, platinum traded below \$1 000 for the first time since 2009. Here, too, the rand platinum price has held up better because of the weaker rand. But pretty much all of the South African platinum mining industry is under water. The spillover effect of mining being in serious trouble is its influence on manufacturing. Most manufacturing in SA was for the mining industry – for a hundred years or more, the local economy was all about mining. The problem is that we haven't shifted our economy into new areas. We are still relying too heavily on mining. Sure, we have a robust banking and retail industry – but they're not able to carry the economy in the way mining did for over a hundred years.

CURRO CATCHES ME OFF GUARD

Official news that Curro has made an offer for AdvTech surprised me. Just three weeks ago I said that while it was possible, I didn't think it likely. Well, I was wrong. Now the question is how the deal could be structured. With a market cap of about R5.5bn, AdvTech is simply too large for Curro to pay cash for it, even with a capital raising. One suspects it would most likely be a script offer. The script offer is very attractive for Curro because it trades on a P/E of almost 200 times, while AdvTech is under 30 times (even that is expensive for a defensive education stock). The four large institutional shareholders in AdvTech have almost 50% of the stock – with Coronation holding a quarter of issued shares – so it really is going to depend on how they vote. I think Curro may get the votes as shareholders swap the boring AdvTech for exciting Curro.

**At the time of going to print, AdvTech said it withdrew from discussions. Meanwhile, Curro announced on Sens that it was still contemplating whether it would resubmit an offer.*

Chris van der Merwe
Curro Holdings CEO



BLACK MARK FOR THE ELLIES BOARD

The recent Ellies trading update was even worse than the previous one, with HEPS now expected to be negative 88c-93c from previous negative 66c

guidance. The issue is this update came just days after the nil-paid letters (NPLs) for the rights issues at 110c stopped trading. I really think the Ellies

board should have done everything to get this information out while the NPLs were still trading. ■

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Swipe right for InterActiveCorp

BY IWAN SWIEGERS

DIRECTOR AT CAPILIS ASSET MANAGERS

New York-headquartered InterActiveCorp (IAC) is a leading media and internet company focused on search, applications, online dating, media and e-commerce. Its family of websites is one of the largest in the world, with more than 2bn monthly visits by users in more than 200 countries.

The group has satellite offices across the globe, and its 150 brands include well-known businesses such as Investopedia, Tinder and The Daily Beast.

The company is structured in four segments. First, search and applications consists of popular websites such as Ask.com, Investopedia, About.com and Dictionary.com. Then media comprises businesses like The Daily Beast and Vimeo (with a global audience of more than 170m a month and more than 35m registered members). E-commerce consists of brands like HomeAdvisor

and Shoebuy.com. Finally, The Match Group comprises health, fitness, education and dating companies and is represented by popular brands such as DailyBurn, The Princeton Review, Match, OkCupid, Tinder, Delightful and Chemistry.com, to name a few.

The Match Group dominates more than 50% of an estimated \$2.2bn (R2tr) e-dating (online and mobile dating services) market. What is more interesting is the fact that Tinder, which lets users “swipe right” when they want to make a connection with another Tinder user, accounts for about 74% of the mobile dating market. Morgan Stanley expects Tinder to have more than 118m users by 2018. (Tinder was estimated to have about 50m users in late 2014.) We expect a boost in revenue from Tinder in the next earnings release, since the company globally launched Tinder Plus in March, a premium paid service.

On 25 June, IAC announced its intent to pursue an initial public offering (IPO) of The Match Group. It also said the company expected The Match Group to issue less than 20% of its common stock in the IPO, with IAC's remaining stake represented by both high- and low-vote common shares.

The IPO is expected to be completed during the fourth quarter of 2015. We think the spin-off of The Match Group will be another great success for IAC, which has a good track record in this area. Its earlier successful spin-offs include TripAdvisor, Expedia, TicketMaster (which merged with Live Nation to create LiveNation Entertainment), LendingTree and Home Shopping Network, to mention a few. Ahead of the spin-off, The Match Group is doing another value-add acquisition, buying online dating site PlentyOfFish for \$575m in cash, which is expected to be concluded by the fourth quarter.

Something impressive to note is the fact that, over the past 20 years, IAC has grown from a starting base of \$275m into seven, separate, public companies with a current shareholder value of more than \$44bn.

IAC has a strong balance sheet and is equipped with the right resources. It has nearly 4 000 employees, and is led by a strong and well-experienced management team, which gives us the confidence that the company has what it takes to deliver value to investors in coming years.

We are optimistic about the future of IAC and also see a special opportunity presented through the spin-off of The Match Group, which can be taken on as an investor by getting involved in the IPO closer to the end of the year. ■

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A view of the InterActiveCorp (IAC) building in Lower Manhattan, New York.

IAC'S THE MATCH GROUP
DOMINATES MORE THAN

50%

OF AN ESTIMATED
\$2.2BN E-DATING
MARKET.



Saving: Take advantage of rich pickings offshore

BY SCHALK LOUW
PORTFOLIO MANAGER AT PSG WEALTH

I will never forget my first holiday outside Cape Town – to Johannesburg. For the first six years of my life, I believed Bellville was the centre of the universe. What a sobering experience it was when I arrived in Johannesburg and not only realised how small Bellville was in comparison but, more importantly, how massive the world truly is.

ISN'T SAVING IN OFFSHORE INVESTMENTS TOO COMPLICATED?

In the same way the world opened up to me as a six-year-old, our investment world has opened up considerably over the past two decades. Until July 1997, South Africans wanting to save were limited to local investments.

In March 1997, the then minister of finance Trevor Manuel announced that people over the age of 18 were allowed to invest a maximum of R200 000 of

their capital in offshore investments. Initially, this was a small amount and the administration involved in getting tax clearance was a nightmare.

Now, 18 years down the line, South Africans are allowed to apply for clearance to invest up to R10m a year in offshore investments. The clearance process has also been simplified so that a person can invest up to R1m offshore without a tax clearance certificate. So saving is no longer limited to South Africa, and it is no more complicated to invest offshore or monitor that investment than it is for any local investment.

AREN'T RETURNS ON OFFSHORE INVESTMENTS MUCH LOWER THAN LOCAL RETURNS?

The returns (excluding dividends) on the British (FTSE 100) and US (S&P 500) equity markets were 5% and 8% a year respectively since 1986. Compared with the South African (FTSE/JSE All

Share Index) equity market's returns of 13% (excluding dividends) for the same period, we get an idea of why First-World countries didn't succeed too well in attracting savings. But when we consider the rand's weakening against the British pound and the US dollar, things start to look different.

In rand terms, the FTSE 100 grew by 12% since 1986, while the S&P 500 beat local markets with its 14% growth per year.

The money market looks much the same. I'm well aware of the fact that rates are much lower in First-World countries (the US money-market rate is 0.15% a year; SA's is 6%), but when we take the exchange rate changes since 1986 into consideration, your total returns would have been 10% a year in rand terms since 1986 in the US and 12% in SA.

Most products that can give you foreign exposure (such as exchange-traded funds) require a minimum investment of about R300 a month. Considering average inflation of 8.6% since 1986, it is the same as investing R24 a month in 1986.

Had you invested R24 a month in every South African equity fund (excluding dividends and costs) and every South African money-market fund since 1986, your investment of about R17 000 would have been worth R168 125 today. Had you invested the same amount in a First-World country like the US (S&P 500 and US money market), your investment would have been worth R169 760.

Broaden your horizons by asking your financial adviser or portfolio manager about the options available to you – not just outside of your "Bellville" but outside the borders of SA. ■

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The One-Rand Family takes a bow

BY SHANDUKANI MULAUDZI

Their challenge was to live on one rand coins for a month. They had no access to electronic payments, or the plastic cards they have grown to love so much. Just four days before the end of their journey, *Finweek* spoke to the One Rand Family who were all out of coins and living on a prayer. They share the most important lessons learned:

SON - NJABULO

► WHAT HE MISSED THE MOST

■ Going out and having fun with friends was more of a mission. I would have to count all the coins and make sure I have enough for the whole night and if it runs out then that's it. I went out once this month.

► THE MOST IMPORTANT LESSONS LEARNT

■ Budgeting day to day with a monthly scope is so important. You need to know how much you need for each day and plan accordingly.

► PRACTICAL APPLICATION OF LESSONS

■ I think the best way to make sure I don't go back to my old habits would be to maybe withdraw money at the beginning of each week and spend it strictly. That way I won't spend more than I can afford.



GETTING SOUTH AFRICANS TO SAVE

South Africans have a “consumption culture” rather than a “savings culture”. They’ll choose instant gratification above long-term saving. This mindset is not easily changed, and requires a combination of financial education and government policies, says Mark Lapedus, head of investment product development at Liberty.

Currently, according to Index Mundi, South Africa’s saving rate is 15.1% of GDP, compared with 50% in China and India’s 33.7%.

The majority of South Africans’ access to jobs and education have long been limited, resulting in limitations in income generation and, hence, capacity to save. However, purchasing behaviour is also influenced by peers and mainstream media which encourage spending and display of wealth.

In the face of market volatility, Lapedus suggests that consumers make use of a financial adviser who can highlight an individual’s specific financial goals and impact on savings. An adviser can prioritise spending if an investor is in the sandwich generation – taking care of their parents and children – or have a responsibility towards their families through “black tax”.

While Lapedus admits that few people can afford everything that they want and still save, he says understanding priorities and needs “will help you make money and direct it to things most important”.

Financial education starts at home, through the saving behaviour from one’s parents, says Sanelisiwe Ganthso, analyst at Liberty. However, later in life, financial institutions, legislative regulations and informal savings vehicles provide a three-tiered approach in informing consumers about saving.

Lapedus says the retirement reform legislation - to be implemented by 2017 - will help change consumer perspectives about saving.

Given high unemployment and high informal employment rates, informal vehicles like stokvels have also helped to create savings awareness and discipline, says Lapedus. Stokvels are now being formalised through the National Stokvel Body of South Africa and have become increasingly sophisticated, says Gantsho.

The oldest investment lesson is to start saving early, insists Lapedus.

DAD - SIBUSISO (SBU)

► WHAT HE MISSED THE MOST

■ I love my cappuccinos but since using the one rand coins I had to cut down on that and drink the coffee at work. I used to buy lunch at work but now I have been packing a sandwich from home. If you calculate how much you pay for takeaways daily, it comes to a lot of money.

► THE MOST IMPORTANT LESSONS LEARNT

■ Relying on credit too much is not a good financial decision. By the end of the month when disposable income is done, we tap into our credit cards and overdraft facilities so we don't realise we are using money we don't have.

► PRACTICAL APPLICATIONS OF LESSONS

■ Firstly, I'm going to get rid of my overdraft facility immediately and pay off my credit card in full.

■ We're going to consolidate budgets to give us a better idea of what is available to all of us.

THE ONE RAND FAMILY

LIVING
LIFE,
ONE
RAND
AT A
TIME.

MOM - LONDIWE (LONDI)

► WHAT SHE MISSED THE MOST

■ Friday nights were takeaway nights for the family. I wouldn't cook at all. Now we had to cut that out completely to save. We had to make do with what we had. I would also go for fancy lunches and drinks with friends. I couldn't this month.

► THE MOST IMPORTANT LESSONS LEARNT

■ On one day during the experiment we were offered a loan. They put the loan in front of us and showed us the interest we would be paying on it too. It was in one rand coins. I refused it immediately. I had never noticed how expensive credit is. Had it been presented to me like that all my life, I would have never taken on credit.

■ When it comes to children and their entertainment, you can find creative ways to have fun. They even enjoy those things more because you actually spend time with them.

► PRACTICAL APPLICATION OF LESSONS

■ Aiming to get rid of credit card

■ Set budgets and stick to them

■ Save, save, save. The more time you have, the more you should save. If I had saved from the time I started working I would have so much savings. ■

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www.onerandfamily.co.za

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Give your child a sound financial literacy base

BY JUSTINE OLIVIER

You can teach your child sound financial concepts by actively investing for them or with them. This kind of guidance will stand them in good stead for the rest of their lives, and will also help them when they're starting out independently.

“Unless you've come into some money, the best way to invest for your kids is to start as early as possible. Open up a dedicated unit trust and wait.

“The miracle of compound interest will go quietly to work and one day, before you know it, you will be able to afford to help your kids achieve their dreams,” says Anele Mbuya, Marketing Actuary at Old Mutual. Everyone knows the importance of

investing, of making your money work for you instead of you working for your money, and of getting on the path to financial freedom. What if you had it in your power to set your children on that path from a young age – to teach them to become financially savvy as well as to save for them at the same time – so that by the time they reach their working years, they'll be miles ahead of their peers?

Sound like a fantasy? Think again. Opening an investment account for

your children while they are still young will not only help them when they begin a life of their own independently, but also provides a great teaching opportunity for them as they grow up. The more they learn when they are younger, the better they will be at handling their finances as adults.

As a parent, or legal guardian, you can take out unit trusts on behalf of your children – and keep in mind that you need to complete the relevant application form and provide »

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» FICA documents. Until the child is 18, you have full discretion in the management and transacting rights of the investment.

Says Anet Ahern, CEO of PSG Asset Management: “When taking out a unit trust in the name of a child, you would be the person responsible for the lump sum and/or monthly debit investment. You would make contact with the manager you wanted to invest in, either online or telephonically, to set this up, or you could ask a financial adviser to assist you. You could also ask them about a tax-free savings vehicle for your children.” Providing your child with a sound financial literacy base will give them the ability to make sound money management decisions on a daily basis, says Eunice Sibiya, FNB Consumer Education.



THE MIRACLE OF
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“Decisions such as purchasing goods, saving and investing can all be executed correctly if there is a sound financial base. The sooner one acquires these skills, the better. So when better to start [teaching and saving/investing for your children] than when they are young?” she says.

“Sometimes parents are hesitant to talk about money to their kids because they feel that they’re not financial experts, their children are still too young to understand financial concepts, or their children might make the same money mistakes as them. However, by providing practical real-life examples [such as actively investing for your child/with your child] will ensure that they are equipped to make sound financial decisions in the future.”

SO WHERE DO YOU START?

The simplest place to start saving for your children is with an index-tracking fund, says Helena Conradie, chief executive officer at Satrix.

“There are several stock market indices to choose from and you can invest in as little as R300 per month or a lump sum of R1 000.” Speaking to a financial planner about the best option available for your child – and also for your budget – will ensure that you find the right vehicle for them.

Keep in mind, says Conradie, that children under the age of 18 pay income tax in certain circumstances. “If the account is open in the name

18

► Until the child is 18, you have full discretion regarding the management and transacting rights of the investment.

► Children under the age of 18 could have to pay income tax in certain circumstances, says Conradie.

of the child and if the income is more than the annual tax-exempt amount, the child must register as a taxpayer and submit a tax return.

“However, if you keep your children’s investment in your own name, you will be liable to pay the tax on income at your marginal tax rate. Essentially, this is your investment until you give it to the child – at which point it becomes a donation, which may have other tax implications,” she says.

Whichever route you decide to go, do your homework and speak to a financial adviser – they’ll ensure that you find the ideal path uniquely suited for you and your child’s requirements, factoring in tax implications, if any, as well as your long-term savings goal. ■

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INVESTMENT AND SAVINGS VEHICLES TO USE

LIBERTY AND FNB RECOMMEND THE FOLLOWING OPTIONS:

■ **FIXED DEPOSITS:** Money is placed with a bank for a fixed term at a fixed rate of interest, which remains unchanged over the period the amount is deposited. Fixed deposits give investors peace of mind, as they know that their capital is secure and they have a competitive return over the investment term.

■ **UNIT TRUSTS:** These are collective funds that allow investors to pool

their money in a single fund made up of various asset classes, thus spreading their risk. Depending on the company and type of unit trust, you can invest smaller or larger amounts annually or monthly.

■ **ENDOWMENTS:** This allows you to put money away monthly or annually, over the long term. This money can be accessed twice in the first five years.

However, with this type of investment, it is recommended that you leave the money untouched over the term of the policy.

■ **TAX-FREE SAVINGS ACCOUNT:** This provides a tax-free savings account for your child. The value also won’t be eroded by monthly fees, you’ll have access to funds in an emergency, and have a 100% capital guarantee.

Huge Group scouting for acquisitions

BY GUGU LOURIE

Buoyed by its rising share price, JSE-listed telecommunications firm Huge Group has set its sights on niche acquisitions in South Africa, where it sees itself as a natural consolidator.

Huge Group – which has a market capitalisation of more than R388m – has seen its stock rise close to 300% in the past three years and 164% in the past year. The counter is currently trading at R3.50 a share for a healthy 61% growth in the past 90 days.

Huge Group's strategy has clearly struck a chord with investors.

"This price appreciation has strengthened Huge Group's ability to contemplate mergers and acquisitions on a share-for-share basis significantly," CEO James Herbst says in the company's 2015 annual report. "The volume of shares traded in the past year is also encouraging and this has strengthened Huge Group's potential ability to acquire companies for cash on the basis of a vendor placing shares."

At present the company is trading under cautionary after it advised investors on 28 April that it was in discussions for a strategic acquisition. At the time the company announced that no formal agreement or offer was in place; nevertheless the board of directors of

HUGE GROUP – WHICH HAS A MARKET CAPITALISATION OF MORE THAN

R388M

– HAS SEEN ITS STOCK RISE CLOSE TO 300% IN THE PAST THREE YEARS.



Huge was "supportive of the proposed acquisition".

Its major shareholders include Peregrine Equities with 13.14% interest, Pacific Breeze (indirect beneficial holders related to the company's CEO), Praesidium Family Trust holds 9.15%, Eagle Creek Investments 223 owns 8.84%, Huge Telecoms holds 8.70% and Praesidium Hedge Fund holds 7.75%.

These shareholders have stuck with Huge Group even when it was embroiled in a five-year legal battle with cellular network MTN and profits of its main operating company Huge Telecom had

been hit by regulatory changes. Huge ended up settling the dispute in 2014 by paying a R10m settlement to MTN, via an issue of shares worth R20m. This move enabled the firm to strengthen its working position.

"The settlement by Huge finally removed an overhang on the share price and refocused investor attention on the quality of the assets," says an industry analyst, adding that the end of the dispute freed Huge Group's management time to focus on growing the business.

Huge Group's operations centre mainly on its subsidiaries Huge Telecom, which has 30 000 customers with telephone lines, and Huge Mobile. They both provide services such as voice, messaging and data connectivity using a wireless global system for a mobile communication-based (GSM-based), fixed-cellular, last-mile solution to corporate and residential clients.

Over the past five years, Huge Group also worked on building its business partner distribution network, which it has grown from 63 in July 2010 to 450 to date. This has allowed the telecommunications firm to increase five-fold its installation of telephone lines or connections.

"The acquisition of new business partners is a lead indicator of increased monthly sales of new connections or telephone lines, which in turn is a lead indicator of Huge Telecom's primary revenue metric – average revenue per weighted day," says Herbst. ■

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HUGE GROUP



52-week range:	R1.10 - R3.50
1-year total return:	+184.7%
Current P/E ratio:	26.6
Market capitalisation:	R377m
Earnings per share:	R0.13
Dividend yield:	1.18%
Average volume over 30 days:	513 000

SOURCE: Bloomberg.com

All-new Volvo XC90: A polished 7-seater SUV

BY GLENDA WILLIAMS

Volvo's return to South Africa in the 1990s brought with it what could be loosely termed a "7-seater". Not a true 7-seater, it was a hearse-like estate, with custom, dickey seats only suitable for young children. Unless a lightweight adult was prepared to sit with their knees around their ears in full view of following vehicles, it was the kids who fought endlessly to sit in the boot facing backwards, putting them in the perfect position to wave or make faces at the vehicles behind.

Volvo has come a long way since that boxy yet charismatic 850 estate, both in style and seating configuration, evidenced by Volvo's all-new XC90. A true 7-seater, the large, luxury SUV is also vastly easier on the eye.

LOOKING SHARP

Yes it's large, longer and wider than the previous generation XC90. And the exterior design is quite unVolvo-like... at first glance. Not as svelte as current generation models, the all-new XC90 still manages to ooze suburban luxury. Yet in a notable departure from previous designs, it sports a more rugged look with a bold grille and shortened front end. While the "don't mess with me" front visage could have proved awkward with other Volvo-like styling elements, somehow the Swedes have meshed aggression with tasteful sophistication to deliver a cohesive, ferociously handsome car.

STEP INSIDE

Depending on trim option, the

sophisticated interior combines plush materials like soft Napa leather, wood and aluminium. The ergonomically shaped comfy seats boast a host of fine-tunings that include adjustable side bolsters and seat cushion extension. Aside from the digital instrument cluster and the iPad-like screen control console – the heart of the car's control system – the rest of the cabin is serenely uncluttered and almost button-free.

Besides the option of getting your tush warmed while you and your passengers soak up the acoustics from one of the best sound systems on four wheels, the roomy "theatre" seating of the XC90 means added height and improved visuals for passengers in both back rows. And there is no compromise on legroom or head height in the third

Volvo's new XC90 comes with an extensive safety package, including "City Safety" – a new collision avoidance system.



SWEET SMELL OF SUCCESS

Just 47 hours is what it took to sell out the First Edition, new Volvo XC90 when they were released online last year. And most of the 1 927 individually numbered cars were reserved within the first hour, selling at peak seven cars every minute. Why 1 927? It's the year Volvo was founded.

Each First Edition vehicle comes fully equipped with a uniquely numbered tread plate and distinctive tailgate badge that Volvo believes makes it a strong candidate as a future collector's item. Priced at R1 050 000, a total of 19 Volvo XC90 First Editions were ordered by South African customers.



The interior of the XC90 includes Napa leather, wood and aluminium.

row. Measuring 170cm tall, I had more than enough of both.

ROAD SHOW

Powering the new XC90 – which is 125kg lighter and stronger than its predecessor – is a four-cylinder two-litre engine. Might sound underpowered, but the opposite is true. The performance and efficiency focused Drive-E powertrains are responsive and extremely quick – deceptively so.

Given its size, the large luxurious SUV feels more like a mid-sized vehicle when one is behind the wheel. And for a car this size, it has none of that dreaded roll and pitch so common in SUVs. On-road prowess is athletic with precise steering

and tight road-holding. Road blemishes are handled with polished composure, making for a sublimely comfortable ride.

One of the key features of this revolutionary car is its simplicity. While it is jam-packed with the latest technology, the car is blissfully easy to drive. Much of this has to do with the tablet-like touch and swipe screen, unusually straightforward to operate, which controls everything from drive mode, navigation and media, to climate control and phone.

I drove both the D5 twin turbo diesel variant fitted with head-up display and 360° camera, and the T6 super- and turbocharged petrol model fitted with Adaptive Cruise Control and Lane Keeping Aid. Choosing between them was difficult, but it was the D5 that somehow sat better with me, having power delivery that felt a tad smoother via the 8-speed automatic transmission. Plus I'm a sucker for the added torque.

SAFETY NET

Something that hasn't changed is Volvo's commitment to safety. Eradicating fatalities or serious injuries for those travelling in a Volvo may sound like a stretch, but this is Volvo's vision for 2020. And if any brand can achieve it, my money is on Volvo. Driving the new XC90, which offers the most comprehensive and technologically sophisticated standard

safety package available, reveals a better understanding of how the brand intends to realise this.

The standard safety package includes City Safety, the new collision avoidance system covering vehicles, cyclists and pedestrians in front of the car, Run-off Road Protection and Auto Brake at Intersections.

But these are only part of a suite of safety features and options that include preventing you from straying from your lane, automatically braking and accelerating when following traffic, and alerting you – through subtle resistance from the steering wheel – when you attempt to change lanes without signalling. It's part of Volvo's IntelliSafe system designed to cope with driver distractions in order to avoid a crash. And it works, exceedingly well. I am, after all, still around to tell the tale. ■

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SPECS:

XC90 D5 AWD INSCRIPTION

- Engine: 2-litre 4-cylinder, 16V DOHC twin-turbo
- 0-100 km/h: 7.8 seconds
- Top speed: 220km/h
- Power/Torque: 165kW/470Nm
- Transmission: 8-speed Geartronic AWD
- Fuel tank: 71 litres
- Fuel consumption (claimed): 5.8 litres/100km
- CO2 emissions: 152g/km
- Luggage compartment: 314-1057 litres
- Ground clearance: 238mm
- Warranty & Maintenance Plan: 5 year/100 000km
- Price: R893 900

Seats in the XC90 are ergonomically shaped.



Directors' Dealings

Company	Director	Transaction Date	Transaction Type	Volume	Price (c)	Value (R)	Date Modified
AMECOR	W Kirsh	10 July	Purchase	50,000	235	117,500	16 July
AMECOR	W Kirsh	10 July	Purchase	500	230	1,150	16 July
BARWORLD	DM Sewela	16 July	Sell	5,154	9301	479,373	20 July
BSI STEEL	C Parry	13 July	Sell	22,780	51	11,617	15 July
BSI STEEL	C Parry	13 July	Sell	527,220	50	263,610	15 July
CALGRO M3	WJ Lategan	13 July	Purchase	598,219	2000	11,964,380	15 July
CALGRO M3	FJ Steyn	13 July	Sell	900,000	2000	18,000,000	15 July
CALGRO M3	W Williams	13 July	Purchase	70,000	2000	1,400,000	15 July
CALGRO M3	W Williams	13 July	Purchase	83,219	2000	1,664,380	15 July
DIPULA A	NS Gumede	9 July	Sell	128,612	1032	1,327,275	15 July
DIPULA A	NS Gumede	13 July	Sell	51,650	1035	534,577	15 July
LODESTONE	G Trope	10 July	Purchase	4,908	675	33,129	14 July
MR PRICE	SI Bird	9 July	Exercise Options	94,000	2650	2,491,000	14 July
OMNIA	Dr WT Marais	8 July	Sell	3,982	17500	696,850	14 July
OMNIA	Dr WT Marais	8 July	Sell	3,202	17500	560,350	14 July
SPAR	R Venter	13 July	Exercise Options	50,000	19322	9,661,000	15 July
STENPROP	P Arenson	10 July	Purchase	21,380	€1.52	€32,497	16 July
STENPROP	G Leissner	10 July	Purchase	23,301	€1.52	€35,417	16 July
TRADEHOLD	F Esterhuyse	20 July	Purchase	5,180	1930	99,974	22 July
WESCOAL	W Sulaiman	20 July	Purchase	113,155	155	175,390	22 July
WESCOAL	W Sulaiman	20 July	Purchase	115	159	183	22 July
WESCOAL	W Sulaiman	20 July	Purchase	136,730	160	218,768	22 July
ANSYS	N Mjoli-Mncube	20 July	Purchase	4,000,000	40	1,600,000	22 July
NASPERS	SJZ Pacak	17 July	Sale	50,000	190147	95,073,489	22 July
WOOLIES	S Ngumeni	17 July	Sale	120,899	9796	11,842,952	22 July
WOOLIES	Z Rylands	17 July	Sale	318,155	9796	31,165,634	22 July
WOOLIES	T Sishuba-Mashego	17 July	Sale	7,531	9796	737,717	22 July
NASPERS	MI Patel	16 July	Sale	1,156	186875	2,160,273	22 July
NICTUS	GR de V Tromp	17 July	Sale	1,736,528	75	1,302,396	20 July
NICTUS	NC Tromp	17 July	Sale	1,736,528	75	1,302,396	20 July

Dividend ranking



SHARE	FORECAST DPS (c)	FORECAST DY (%)	SHARE	FORECAST DPS (c)	FORECAST DY (%)
PAN AFRICAN	15	10.5	EMIRA	134	7.8
EQSTRA	24	9.6	ASTRAL	1200	7.6
REBOSIS	109	9.2	OCTODEC	192	7.6
VUKILE	148	8.2	LEWIS	539	7.4
ACCPROP	54	7.8	REDEFINE	80	7.1



TEST YOUR KNOWLEDGE

Let's give that grey matter a workout! This week one lucky reader stands the chance to win a copy of Douglas Kruger's *Relentlessly Relevant: 50 Ways to Innovate*, which guides business owners away from traditional thinking where customer needs are concerned, setting them on the path to becoming trendsetters in their industries. Complete the quiz on Finweek.com to enter.

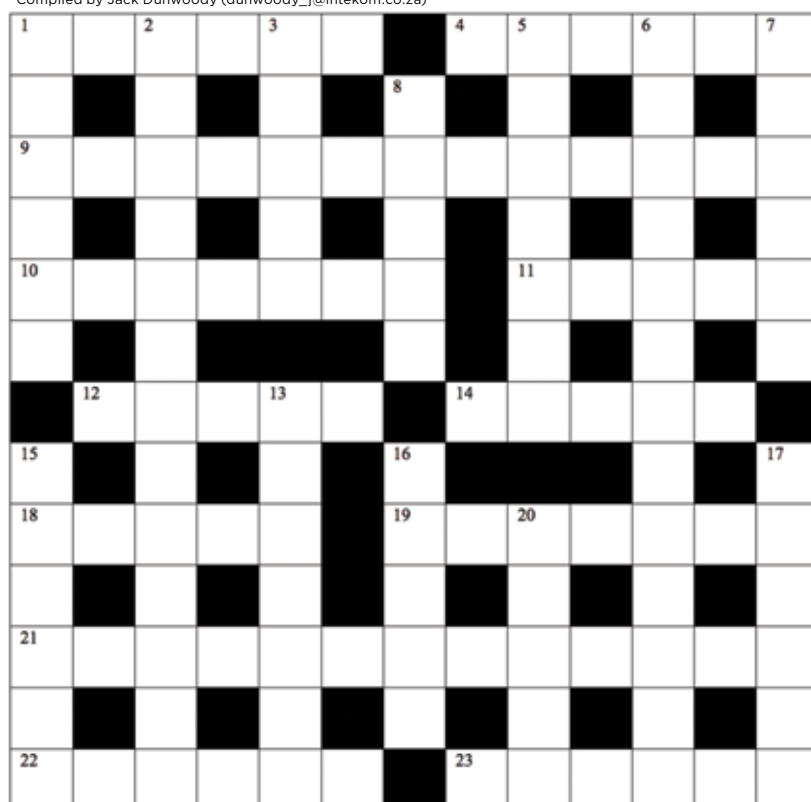
finweek

1	In which local city was the Standard Bank building that caught fire recently?	6	True or false? EL James wrote the novel <i>Go Set a Watchman</i> .	
2	True or false? The president of Iran is Mahmoud Ahmadinejad.	7	Name the Kenyan mall that was recently reopened after a terrorist attack two years ago.	
3	Mick Fanning, the surfer attacked by a shark at the J-Bay Open, is from which country?	8	What does the website AshleyMadison.com specialise in? ■ Distributing the latest news about rising Hollywood starlet Ashley Madison ■ Matching up married people who want to have affairs ■ Selling high-end makeup	
4	In which country is the city of Maiduguri? ■ Mozambique ■ Japan ■ Nigeria	9	True or false? Clayson Monyela is the presidential spokesperson.	
5	Name the capital of Cuba.	10	On which stock exchange is the FTSE 100 Index listed?	

CRYPTIC CROSSWORD

Compiled by Jack Dunwoody (dunwoody_j@intekom.co.za)

NO 592 JD ACROSS



- 1** Erase an entry in diary (6)
- 4** Acts eager to listen to sister (6)
- 9** Conveying of goods between countries by professional gunmen? (8-5)
- 10** Draft retired architect (7)
- 11** Touching reminder (5)
- 12** Songster may shortly have to do without it (5)
- 14** Tea taken after second coffee (5)
- 18** Block spam quarantine notification? (5)
- 19** Decoy-bird that is in the grass (7)
- 21** Method of discovery resulting in wrong verdict? (5,3,5)
- 22** About to consider buy back (6)
- 23** Odds on getting back as a drunkard (6)

DOWN

- 1** Solicit bill payment (6)
- 2** Dean's thrown it out - that's a blow! (9,4)
- 3** Maybe player can be exchanged, otherwise result is void (5)
- 5** Work one's way through each canto (3,4)
- 6** Outstanding issue for family members (13)
- 7** Rod to look sideways at Queen (6)
- 8** Not liable to make a mistake, ran out of slack (5)
- 13** Feeling admitted to by Mr Bean? (7)
- 15** Impress a title on landlord (6)
- 16** Thinking there's no male employment (5)
- 17** Try out neither first nor second, going for the last vehicle (6)
- 20** Good position if it's going to last (3-2)

Solution to Crossword NO 591 JD

ACROSS: 1 & 7 Ambulatory man; 8 Transition; 11 Cakewalk; 12 Iota; 14 Lemurs; 15 Sadism; 17 Tots; 18 Tarlatan; 21 Commercial; 22, 6 & 20 Down Dog-eat-dog; 23 Propaganda
DOWN: 1 Articulate; 2 Blacksmith; 3 Last word; 4 Tattle; 5 Riot; 6 See 22 Across; 9 Corinthian; 10 Salmonella; 13 Ballyrag; 16 Warm up; 19 Dour; 20 See 22 Across

ON MARGIN

NEW ANGLE

At the recent book launch of *How South Africa Works and Must Do Better*, by academics Greg Mills and Jeff Herbst, Tony Leon used a joke about the late actress Elizabeth Taylor and her eight marriages to describe the challenge authors face coming up with a new plan to fix SA's economy, given the number of government plans over the past 20 years:

"I feel like Liz Taylor's eighth husband on their wedding night. I know what I have to do, I just don't know how to do it differently."

PLATINUM PAIN

Piker finally understands why fears about oversupply keep platinum prices down, even after SA's mines stopped operating for five months last year. On 19 July an asteroid believed to contain a platinum core weighing 100m tons (worth about R67.5trn) passed about 2.4m km from earth. If only we could find a way to catch it next time it's in the neighbourhood...

CASHING IN

Three guys are fishing in the Caribbean.

One guy says: "My house burnt down. I lost everything but the insurance company paid up and that's why I'm here." The second guy says: "My filling station blew up. I lost everything, but the insurance company paid up and that's why I'm here."

The third guy says: "My farm suffered a terrible flood. I lost everything, but the insurance company paid up and that's why I'm here." The first guy turns to him and says: "Flood? How the hell do you start a flood?"

WHOOOPS

A senior citizen called her husband during his drive home: "Herman, I just heard on the news that there's a car going the wrong way on the N1. Please be careful!"

He responds: "It's not just one car. There are hundreds of them!"



People say I'm condescending. That means I talk down to others.



A Roman legionnaire walks into a bar, holds up two fingers and says: "Five beers, please."



"Not sure I like the look of the new management team."



Julius Sello Malema @Julius_S_Malema
I still don't understand how a seasoned unionist like @Zwelinzima1 combined with militant Jim got outmaneuvered by sister Sidumo Dlamini.

Kevin McCallum @KevinMcCallum
Surgeons have done what the DA, EFF and we media couldn't do – take some of the gall out of the president.

Evita Bezuidenhout @TannieEvita
There might be light at the end of our tunnel, but unfortunately no new train will fit into it! #PRASA

Barbara Haynes @barbhaynes
#DonaldTrump is like if a Comments Section ran for office.

Tom Eaton @TomEatonSA
Plettenberg Bay: why does your huge wide freeway have a speed limit of 60? Is it to keep your carts safe from these infernal new Model T Fords?

JBay Shark @JbayShark
Let's be honest though, I look great on TV.

Nkandla Homestead @NkandlaHome
Everybody relax. The DA guy wasn't asking "Where is my money?" he was asking "Where is Maimane?" Nobody is paying anything to anybody.

Sentletse @Sentletse
So no one knows who authorised those 21 luxury mudhuts in Nkandla that cost us R6.5m each? Over R135m just walked itself into bank accounts.

"I doubt this is the final nail in gold's coffin. I think we can add a few more."
– Robin Bhar, an analyst at Société Générale, to Bloomberg News on 21 July.
(Read more on page 19.)



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